



Minnesota's National Housing Trust Fund Allocation Plan

Substantial Amendments to Minnesota's 2016 Annual Action Plan and 2012-2016 Consolidated Plan

Revisions: October 28, 2016



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Introduction

These substantial amendments (amendments) to the State of Minnesota’s 2012-2016 Consolidated Plan and the 2016 Annual Action Plan¹ are necessary to implement the federal government’s National Housing Trust Fund (NHTF). The amendments were offered for public comment through June of 2016, including a public hearing on June 21st.

The Minnesota Housing Finance Agency has been designated by the Governor as the Minnesota recipient of NHTF from the U.S. Department of Housing and Urban Development (HUD).

Minnesota will receive the minimum state grant amount of \$3,000,000 in 2016. All NHTF funds that Minnesota Housing receives in 2016 will be used to house extremely low-income families. In accordance with 24 CFR Part 93, Minnesota Housing will allocate 10% of its grant to program planning and administration costs (\$300,000); up to one-third for operating cost assistance or funding operating cost assistance reserves (up to \$1,000,000); the balance of the grant will provide capital funding for new construction or rehabilitation of NHTF units.

1. National Housing Trust Fund Strategic Plan §91.315(b)(2)

Geographic Priorities

The NHTF funds will be part of a deferred pool of resources, through Minnesota Housing, which are targeted to address specific and critical needs in rental housing markets, including multiple geographic priority areas: transit oriented development, areas with strong job markets or job growth, economic integration areas with higher incomes, and tribal areas. (Minnesota Consolidated Plan 2012-2016, p 170 – equivalent to SP-10).

Goals

Because this is the final year of the 5-year strategic plan, the goals are the same as the 2016 plan.

Number of NHTF units constructed or rehabilitated in 2016:	22
Number of NHTF units receiving operating subsidies:	up to 12

Operating subsidies assume providing assistance for up to fifteen years of the thirty year affordability period. The number may be greater if it is found that less than fifteen years of subsidy is necessary, or less if eligible applications are not received and operating funds are not committed to projects. Minnesota Housing intends to use operating subsidies only with other NHTF units constructed or rehabilitated.

¹ Find current 2012-2016 Consolidated Plan and 2016 Annual Action Plan on Minnesota Housing’s website: www.mnhousing.gov > Policy & Research > Plans for Federal Funds

Table 1: Strategic Plan Goals and Outcomes (Consolidated Plan 2012-2016, p 175 - equivalent to SP-45)

Specific Obj. #	Outcome/Objective Specific Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number
DH-2 Provide Decent Housing with Affordability					
DH-2.2	Rehabilitation or new construction of affordable housing occupied by Extremely Low to Low income persons.	National Housing Trust Fund - Capital	# Units of affordable rental housing will be rehabilitated or newly constructed and occupied by low income households.	2012	0
				2013	0
				2014	0
				2015	0
				2016	22
				MULTI-YEAR GOAL	
DH-2.2	Operating Subsidy for National Housing Trust Fund Units	National Housing Trust Fund – Operating Subsidy	# Units of affordable rental housing provided operating subsidy.	2012	0
				2013	0
				2014	0
				2015	0
				2016	12
				MULTI-YEAR GOAL	

2. National Housing Trust Fund Action Plan §91.320(k)(5)

Distribution of NHTF funds

Minnesota will not allocate funds to subgrantees for their distribution to owners/developers. Instead, NHTF funds will be distributed directly to owner/developers of affordable housing via Minnesota Housing’s annual Consolidated Request for Proposals. (RFP) The NHTF funds will be part of a deferred pool of resources, through Minnesota Housing, which are targeted to address specific and critical needs in rental housing markets, including multiple geographic priority areas: transit oriented development, areas with strong job markets or job growth, economic integration areas with higher incomes, and tribal areas. Minnesota Housing retains the option to offer funds on a pipeline basis in the event qualified proposals are insufficient to use the entire HTF grant.

Application Requirements and Selection Criteria

The Consolidated RFP provides a comprehensive system to evaluate a project against eligibility criteria, selection priorities, and capacity of developers and owners. Selections are made after careful and thorough consideration of the project.

The RFP application process begins with the announcement of the Consolidated RFP, and includes outreach and technical assistance to interested applicants. Once applications are submitted to the agency, they undergo application and eligibility review to determine if they pass basic application requirements and selection criteria. The applications then undergo feasibility review by staff underwriters, including detailed analysis of applicant and organizational capacity and priority housing needs. Next, all applications are reviewed together in consistency meetings with staff to ensure consistency in evaluation by individual underwriters. When applications pass this level of

review, they undergo a second application review for feasibility, including site visits, if applicable. Once applications are considered feasible, they move on to a selection meeting, which is run through the agency's Mortgage Credit Committee and includes underwriters, managers, and senior leadership. The Mortgage Credit Committee deliberates on feasible applications compared with funding resources available, weighing appropriate uses of those funds and the agency's Strategic Priorities, feasibility, and organizational capacity, and recommends a package of developments for selection. This recommendation is then brought before Minnesota Housing's Board of Directors for final review and approval.

There are three main components of the RFP review process that are captured in the attached RFP guide (Addendum B):

- **Initial Eligibility and Feasibility:** Applicants must satisfy project feasibility and organizational capacity requirements to be considered for funding. Once applications are submitted to the agency, they undergo application and eligibility review to determine if they meet the basic eligibility requirements. The applications then undergo feasibility review by staff underwriters, including detailed analysis of applicant and organization capacity and priority housing need.
- **Strategic Priorities:** Strategic priorities are the main strategic focus and driving policy goals of the agency in the funding round and are of primary importance in the evaluation of the applications. Every proposal must satisfy at least one strategic priority to be eligible for funding through the RFP. Minnesota Housing gives priority to proposals that best meet the greatest number of Strategic Priorities.
- **Selection Priorities:** Selection priorities capture other elements that are beneficial to a project. These are given less weight in evaluation than the Strategic Priorities.

Priority for Awarding Funding to Eligible Applicants §91.320(k)(5)(i)

Minnesota Housing's RFP process incorporates each of the six priority funding requirements of NHTF, as described below.

1. Geographic Diversity.

Minnesota Housing will accept and consider proposals for NHTF from across the state consistent with the state's certification to affirmatively further fair housing. The needs of very low-income and extremely low-income tenants across Minnesota are a high priority in the consolidated plan; however, geographic location of a project may be considered in the context of the project's proximity to certain community features whose presence is a priority for Minnesota Housing.

Of 18 Selection Priorities (described below in 5. *Priority Housing Needs*), five relate specifically to the geographic location of projects, including economic integration areas, workforce housing communities, rural and tribal areas, location efficiency (transit), and community revitalization areas. In sum, these geographic priority areas support a balanced and diverse distribution of resources across the state.

2. Applicant Capacity.

Applicants must be capable of undertaking and completing NHTF-funded activities in a timely manner, consistent with regulatory requirements to commit funds within 24 months and meet five year expenditure deadlines. Minnesota Housing expects all project funds to be secured

within approximately nine months of selection, and the project must close within 20 months from the date of selection. This capability is evaluated during the Consolidated RFP process. Capacity of the entire development team is evaluated, taking into consideration experience with similar projects, financial and staff capacity, status of other projects in the team's development pipeline, and other factors relevant to the role of the entity.

As described in the agency's Multifamily RFP Guide (Addendum B), the following factors will be considered in determining whether an organization has demonstrated sufficient organizational capacity:

- The applicant's purpose and mission;
- The applicant's related housing experience;
- Whether the applicant has successfully completed similar projects or is partnering with other organizations that have successfully completed similar projects;
- Whether the applicant has strong current and expected ongoing capacity to complete the proposed housing as well as other proposals being developed by the organization; and
- Whether the applicant has the capacity to maintain the rental housing long term.

3. Project-based Rental Assistance.

As described below in *5. Priority Housing Needs*, preservation of federally assisted housing is a Strategic Priority of the agency. In addition, developments that provide fully executed commitments for project based rental assistance (standard or in conjunction with Long Term Homeless units) at the time of application are given selection priority.

4. Duration of Affordability Period.

New Construction, rehabilitation, and rehabilitation and acquisition rental projects with NHTF have a required affordability period of thirty years. No additional consideration will be given to projects that will provide affordability beyond thirty years. Operating cost assistance reserves may be funded for the amount estimated to be necessary for up to fifteen years from the start of the affordability period.

5. Priority Housing Needs.

Minnesota's most current Consolidated Plan (2012-2016) identifies priority housing needs among extremely low income renters for all renter household types from small and large families to elderly households. The total unmet need among extremely low income renters in Minnesota was estimated to be 137,286 units in at the time of the Consolidated Plan publication. National Housing Trust Fund resources will be used exclusively to support units affordable to extremely low income renters (at or below 30% of area median income).

In addition to helping to meet the substantial unmet need of extremely low income renters, Minnesota Housing has defined the following Strategic and Selection priorities. As described in the previous section, the Strategic Priority policies describe the main strategic focus and driving policy goals of the Agency in the current funding round, and will be of primary importance in the evaluation of applications. The Selection Priorities capture other elements that are beneficial to a project. These priorities, described below, are communicated

to potential applications through the “Multifamily Request for Proposal Guide.” The 2016 Guide is included in its entirety as Addendum B.

Projects must meet at least one Strategic Priority to be considered feasible. Minnesota Housing gives priority to proposals that best meet the greatest number of Strategic Priorities. Minnesota Housing’s current Strategic Priorities are:

1. Preservation of developments that contain existing federal assistance or other critical affordable units at risk of loss,
2. Finance housing responsive to Minnesota’s changing demographics, which could be met by developments that provide Permanent Supportive Housing for special populations and proposals that support the goals of the Senior Rental Housing Pilot,
3. Address specific and critical rental housing needs, for example, Transit Oriented Development on fixed transit, economic integration, workforce housing, senior housing, and
4. Prevent and end homelessness through permanent supportive housing.

Among proposals that best satisfy these Strategic Priorities, Minnesota Housing will give priority in awarding funding to the proposals that best meet the greatest number of selection priorities in effect at the time of the RFP. These are given less weight in evaluation than the Strategic Priorities. Selection priorities may be found in the “Multifamily Request for Proposal Guide” and are described below.

- **Household Targeting.** Developments that provide housing for large families, single room occupancy, and special populations.
- **Economic Integration – Mixed Income.** Developments that provide housing for households with a wide range of incomes and housing needs in mixed-income projects or within higher income communities.
- **Rural/Tribal.** Developments located in a rural or tribal community.
- **Workforce Housing.** Developments that are located within five miles of a Metro area workforce housing city or township, or within 10 miles of a Greater Minnesota workforce housing city or township.
- **Federal, Local, Philanthropic, Employer Contributions.** Developments that have secured contributions from the federal government, a local unit of government, an area employer and/or private philanthropic, religious or charitable organization.
- **Private Investment.** Developments that have secured private investments.
- **Financial Readiness to Proceed.** Developments that have secured funding commitments for one or more permanent funding sources at the time of application.
- **Preservation.** Developments that meet one of the three Risk of Loss Thresholds in the strategic priority category that also meet either the Existing Federal Assistance or Critical Affordable Units at Risk of Loss criteria. The three thresholds include risk of loss due to market conversion, critical physical needs, or lack of ownership capacity.
- **Permanent Housing for Individuals Experiencing Long-Term Homelessness.** Developments that provide permanent housing opportunities with support services for households experiencing long-term homelessness (LTH). Priority for developments that propose LTH units will be provided to applicants targeting youth

or families with children. Priority is also provided for proposals that address locally determined priorities as published by the Continuum of Care.

- **LTH Rental Assistance.** Developments that have secured rental assistance for LTH units being proposed.
- **High Speed Internet.** Developments that will provide High Speed Internet access via installation of all appropriate infrastructure and connections for cable, DSL or wireless internet service to every unit in the development.
- **Location Efficiency.** Developments that are located near jobs and transportation, including regional and interregional transportation corridors and transit ways.
- **Universal Design.** Developments that are designed to meet the needs of all households to the greatest extent possible, regardless of age, ability, or status in life.
- **Smoke Free Buildings.** Developments that will institute and maintain a written policy prohibiting smoking in all units and common areas.
- **Targeted Rent and Income.** Developments that commit to providing rent levels affordable to the lowest income households, or in projects meeting the Greater Minnesota Workforce Strategic Priority, affordable to the local workforce, for the term of the loan(s) awarded by Minnesota Housing.
- **Rental Assistance.** Developments that provide fully executed commitments for project based rental assistance at the time of application.
- **QCT/Community Revitalization and Tribal Equivalent Areas.** Developments that are located in a Qualified Census Tract and are part of a plan that provides for community revitalization.
- **Greater Minnesota Workforce Housing – Meaningful Employer Contribution.** Developments that meet the Greater Minnesota Workforce Housing Strategic Priority and have received a meaningful contribution from an area employer.

6. Leveraging.

Minnesota Housing's NHTF funds will leverage other agency, private, and low-income housing tax credit investment. The NHTF funds will be made available through the agency's Consolidated RFP, which consolidates and coordinates multiple housing resources into one application process. Funding partners include the Metropolitan Council, Department and Employment and Economic Development, Family Housing Fund and Greater Minnesota Housing Fund. Financing opportunities that could be leveraged with NHTF funds include several nonfederal sources through the State of Minnesota:

- Amortizing first mortgages through the State of Minnesota's Low and Moderate Income Rental Program
- Deferred loans through State of Minnesota funded Economic Development and Housing Challenge program
- Deferred loans through the State of Minnesota funded Preservation Affordable Rental Investment Fund

Three of the agency's selection priorities incorporate a projects ability to leverage other resources. These include federal, local, philanthropic, and employer contributions; private investments secured; and financial readiness to proceed.

Eligible Activities and Eligible Recipients §91.320(k)(5)(ii)

Eligible Activities.

The application/proposal must describe the activity to be funded with NHTF, and the applicant must certify that the assisted units will comply with NHTF requirements. Activities to be undertaken include rehabilitation (including acquisition), preservation, and new construction of rental housing and operating assistance.

Projects must contain a minimum of four units. Scattered site developments must be located in the same city or county and also contain a minimum of four units.

As described in Chapter 3 of the agency's Multifamily RFP Guide, the following factors will be considered in determining an applicant's demonstrated overall project feasibility:

- The nature of the proposed site;
- Whether the proposed housing is needed in the intended market, based upon population, job growth, and very low housing vacancy rates;
- Whether costs of developing the housing are reasonable;
- Whether the applicant has demonstrated cost containment efforts for all stages and aspects of the development without compromising overall development quality;
- Whether the housing is economically viable; and
- For permanent supportive housing, whether the applicant has secured on-going funding for the support services that address the special needs of the proposed targeted population.

Eligible Recipients.

Eligible entities for NHTF include owners or developers that must be either:

- A for-profit entity,
- A 501(C)(3) non-profit entity (including Community Housing Development Organizations, or CHDO),
- A government unit (excluding the federal government), or
- A religious organization.

The owner must provide evidence of a qualifying interest in the property. Such interest must be recorded and appear in the county records. The minimum qualifying interest is 100 percent fee simple interest that may also be subject to a mortgage.

The owners and development team must not be debarred or excluded from receiving federal assistance prior to selection or entering into a Written Agreement or closing the loan.

Applicants and their development team must undergo an evaluation by Minnesota Housing of their capacity and pass Minnesota Housing underwriting before the applicant qualifies as an eligible recipient. Applicants must have demonstrated experience and capacity to conduct and eligible NHTF activity as evidenced by its ability to own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development.

Minnesota Housing National Housing Trust Fund Allocation Plan

Minnesota Housing underwriting standards require that at least one sponsor must demonstrate acceptable performance (multifamily housing experience) and financial capacity for the scale for the proposed project regardless of guaranty provisions, if any. All loans require a full sponsor credit review for final approval.

Eligible recipients will certify that housing units assisted with the NHTF will comply with NHTF program requirements during the entire period that begins upon selection and ending upon the conclusion of all NHTF-funded activities. Recipients must demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity. Recipients must also demonstrate familiarity with requirements of other Federal, State or local housing programs that may be used in conjunction with NHTF funds to ensure compliance with all applicable requirements and regulations of such programs.

Performance Goals and Benchmarks §91.320(k)(5)(iii)

Minnesota will receive the minimum state grant amount of \$3,000,000 in 2016. All NHTF funds that Minnesota Housing receives in 2016 will be used to house extremely low-income families. In accordance with 24 CFR Part 93, Minnesota Housing will allocate 10% of its grant to program planning and administration costs (\$300,000); up to one-third for operating cost assistance or funding operating cost assistance reserves (up to \$1,000,000); the balance of the grant will provide capital funding for new construction or rehabilitation of NHTF units.

At an anticipated average per unit capital cost of \$98,000 for supportive housing, Minnesota Housing anticipates completing at least 22 units of housing that is affordable to extremely low-income families.

Based on Minnesota Housing's experience of providing operating assistance through the State's housing trust fund for supportive housing, Minnesota Housing expects average annual operating cost assistance to be \$2,700, which will provide operating assistance for up to 12 NHTF units for 15 years.

Minnesota Housing reserves the right to reallocate uncommitted operating funds to capital costs if qualified applications for operating funds are insufficient to award all operating funds.

Maximum Per-unit Development Subsidy Limits.

Minnesota will establish the maximum per-unit development subsidy at the same level as per-unit cost thresholds established the cost containment methodology associated with the State's Low-income Housing Tax Credit Qualified Allocation Plan (QAP). The thresholds, based upon total development costs for developments funded by Minnesota Housing since 2002, are adjusted for number of bedrooms and geographic location of the project. Despite the per-unit subsidy limits, subsidies may be further limited on individual projects based on the result of subsidy layering reviews and the financing needs of the project.

Per-unit subsidy limits are set forth in Addendum A, but are subject to change whenever a new QAP is adopted or modified. Adjustments are made in response to cost trends.

Rehabilitation Standards §91.320(k)(5)(iv)

All NHTF units must comply with Minnesota Housing's National Housing Trust Fund Rental Property Standards for New Construction and Rehabilitation, attached and incorporated hereto as Addendum C.

Resale and Recapture Provisions §91.320(k)(5)(v)

Not applicable. Minnesota Housing will not use NTHF to assist first time homebuyers.

Affordable Homeownership Limits §91.320(k)(5)(vi)

Not applicable. Minnesota Housing will not use NHTF for homebuyer assistance.

Limitation on Beneficiaries or Preferences §91.320(k)(5)(vii)

Minnesota Housing does not limit to segments of the NHTF-eligible population. Minnesota Housing makes an effort to integrate units targeted to households experiencing long-term homelessness or those at risk of long-term homelessness (collectively LTH households) across a variety of developments. In the appropriate situation, Minnesota Housing may utilize NHTF funds in units that are targeted to LTH households or whose eligibility is limited to LTH households. In the interest of furthering economic integration, LTH units typically make up a small number of units in each development.

Refinancing Existing Debt §91.320(k)(5)(viii)

Minnesota Housing will not use NHTF to refinance existing debt.

Addendum A: Per Unit Subsidy

Per Unit Subsidy as Adjusted for Mix of Unit Sizes

		Subsidy limit for Families/Mixed Developments
New Construction Metro for Singles		\$206,838
New Construction Metro for Families/Mixed		\$242,000
New Construction Metro for Large Families		\$252,083
New Construction Greater MN for Singles		\$164,103
New Construction Greater MN for Families/Mixed		\$192,000
New Construction Greater MN for Large Families		\$200,000
Rehabilitation Metro for Singles		\$148,462
Rehabilitation Metro for Families/Mixed		\$193,000
Rehabilitation Metro for Large Families		\$227,059
Rehabilitation Greater MN for Singles		\$117,692
Rehabilitation Greater MN for Families/Mixed		\$153,000
Rehabilitation Greater MN for Large Families		\$180,000
<ul style="list-style-type: none"> • "Metro" applies to the seven-county Twin Cities metro area, while "Greater MN" applies to the other 80 counties. • "Singles" applies to developments where the share of efficiencies and 1 bedroom units is 75% or greater. • "Large Families" applies to developments where the share of units with 3 or more bedrooms is 50% or greater. • "Families/Mixed" applies to all other developments. • "New Construction" includes regular new construction, adaptive reuse/conversion to residential housing, and projects that mix new construction and rehabilitation if the new construction gross square footage is greater than the rehabilitation square footage. 		



Multifamily Request for Proposals Guide

**A guide to preparing the Minnesota Multifamily Rental
Housing Application**

Revised May 2016

*Application Deadline:
Thursday, June 16, 2016
5:00 p.m.*



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Introduction

The Minnesota Housing Multifamily Request for Proposals Guide (RFP Guide) is intended to provide background information on the affordable housing resources available for multifamily rental housing development as well as to provide information on the application, selection and underwriting processes. Minnesota Housing, in conjunction with its funding partners, will select developments and award the most appropriate funding sources. The funding partners include Metropolitan Council, Department of Employment and Economic Development (DEED), Greater Minnesota Housing Funding (GMHF), Saint Paul Public Housing Authority (St. Paul PHA) and the Metro Housing and Redevelopment Authority (Metro HRA).

Family Housing Fund (FHF), Hennepin County, Ramsey County, City of Minneapolis (CPED), City of Saint Paul, Minnesota Department of Human Services (DHS), United States Department of Housing and Urban Development (HUD) and United States Department of Agriculture (USDA) participate in the review of proposals.

Minnesota Housing offers two methods to apply for multifamily resources: the Consolidated Request for Proposals (Consolidated RFP) and Pipeline. Pipeline allows applicants to apply for funding at any time, subject to certain restrictions and funding availability. Refer to the Pipeline and Streamlined Application Processes in this guide.

The Housing Tax Credit program offers two application rounds per year with the primary round taking place in conjunction with the Consolidated RFP, and the second round having a priority for supplemental tax credits. The Housing Tax Credit Round 2 applications are requested in January 2017 with selections concluding in April 2017.

The Consolidated RFP, offered once per year, provides a means of "one stop shopping" by consolidating and coordinating multiple housing resources into one multifamily application process. Applicants do not apply for a specific funding source, but rather the applicant requests funding for a specific housing development and/or activities that meet a specific housing need.

Offering housing resources through the Consolidated RFP accommodates applicants as follows:

- Allows applicants to apply for funding for a housing development and/or activity rather than applying for specific funding sources over a series of application rounds; therefore, shortening and simplifying the application process.
- Creates an environment where applicants focus on housing needs and market rather than focusing on specific program availability and requirements.
- Allows applicants to apply for multiple funding sources by using one common application with similar requirements.
- Eliminates the burden of applicants having to know numerous funding program details.

Chapter 1 – Minnesota Housing Overview

1.01 Background

Minnesota Housing was established by the 1971 session of the Minnesota Legislature to finance the construction and rehabilitation of housing for families of low and moderate income. Minnesota Housing generates revenue through the sale of tax exempt and taxable bonds, as well as from state appropriations and federal grants. The funds are generally used for construction loans and mortgage loans to eligible borrowers at below market interest rates.

Minnesota Housing provides programs to assist in adding to and improving the quality of housing for Minnesotans through two housing divisions:

- **Single Family Division:** Administers homeownership and home improvement/rehabilitation programs
- **Multifamily Division:** Administers financing of construction, acquisition and/or rehabilitation of rental housing; operating subsidy and rental assistance

1.02 Vision

All Minnesotans live in a safe, stable home they can afford in a community of their choice.

1.03 Mission Statement

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing.

Chapter 2 – Funding Availability and Funding Types

2.01 Funding Sources and Amounts Available

The Consolidated RFP will provide Agency and partner funding resources, including deferred funding and \$12.9 million in annual Housing Tax Credits. Rental assistance will also be offered with up to 57 units of Section 811 Project-Based Rental Assistance, up to 30 project-based Section 8 rental assistance vouchers from Metro HRA, and a contingent request for proposals for Veterans Affairs Supportive Housing (VASH) vouchers from the St. Paul PHA. Notification of sources and amount available will be provided following the conclusion of the State Legislative session on May 23, 2016.

2.02 Multifamily Financing Product Summary

The [Multifamily Financing Product Summary](#) provides basic information on the multifamily housing resources available through the Consolidated RFP and Pipeline.

2.03 Funding Types

Multifamily funding sources may be provided in the form of deferred loans, grants, amortizing first mortgage loans, housing tax credits, operating subsidies and rental assistance.

Deferred Loans. Generally, deferred loans will bear interest at a rate of 0 percent unless a higher rate is necessary to allow the funding source to be used with other sources, such as housing tax credits. Principal and interest, if any, will generally be due and payable at the end of the loan term, which is typically 30 years, however Minnesota Housing may at its sole discretion require provisions necessitating 20 percent of cash flow in excess of \$50,000 be repaid annually. Loans will be full recourse; however, non-recourse may be considered on a case-by-case basis.

Amortizing First Mortgage Loans. Minnesota Housing amortizing first mortgage loans requires monthly payments on principal and interest throughout the term of the loan. Refer to the LMIR Program Guide or the applicable HUD MAP term sheet for applicable loan fees and detailed program requirements.

Housing Tax Credits. Housing Tax Credits offer a reduction in tax liability to owners and investors in eligible affordable rental housing units produced as the result of new construction, or acquisition with substantial rehabilitation.

Minnesota Housing has been designated by the Minnesota Legislature as the primary allocating agency of housing tax credits in the state of Minnesota. Qualified local cities and counties have also been designated by the Minnesota Legislature as suballocators of the tax credits. Detailed information is available in the State of Minnesota Housing Tax Credit Qualified Allocation Plan (QAP) and the Housing Tax Credit Program Procedural Manual.

Section 811. The purpose of the Section 811 Project-based Rental Assistance Program (Section 811 PRA) is to expand the supply of supportive housing that facilitates community integration for people with significant and long-term disabilities, including some of the disabilities defined as Special Populations on the 2017 HTC Self-Scoring Worksheet.

The Section 811 PRA provides a project-based rent assistance subsidy that allows tenants to pay 30 percent of their adjusted gross income for rent and utilities. Tenant referrals and service providers are coordinated by the Department of Human Services (DHS). Owners are not responsible for service provision.

Minnesota Housing will enter into a Rental Assistance Contract (RAC) with selected owners for a minimum 20-year term, with funding beyond the first five years subject to federal appropriations.

Applicants may apply for 4-11 units per property. Additional units will be considered if the capital financing includes federal funds. Priority will be given to owners with experience administering HUD Rental Assistance, and for properties located in cities/counties with the largest number of potentially eligible tenants for the target population. See the [Section 811 PRA map](#) for these locations.

See the Section [811 PRA Program Guide](#) for more information about the Section 811 Program requirements.

NHTF Operating Subsidy. Operating subsidy will be available for a term of up to 15 years for proposals creating new affordable units through new construction or adaptive re-use, for units serving households with incomes at or below 30 percent of area median income. NHTF OS may only be used for projects that also receive an award of NHTF capital funding. To be eligible projects must meet HUD site and neighborhood standards. Proposals also must provide at least 10 percent of units, and no fewer than seven units that meet the Permanent Supportive Housing strategic priority and that will serve families with minor children, unaccompanied youth, or single adults who are not eligible or may have difficulty accessing Group Residential Housing assistance. Priority will be given to proposals that advance the most units under the Permanent Supportive Housing strategic priority, and for proposals targeting families with children and youth.

NHTF Operating Subsidy can be used to fund the deficit remaining after the monthly rent payment for the NHTF-assisted unit is applied to the NHTF-assisted unit's share of monthly operating costs for maintenance, utilities, insurance, real estate taxes, deposits to replacement reserves, and on a case by case basis – front desk expense. Other costs associated with supportive services are not eligible.

Requesting NHTF Operating Subsidy triggers federal cross cutting requirements for the entire project, and applicants are required to comply with all applicable requirements. No choice

limiting actions can be taken and all applicable Uniform Relocation Act notices must be delivered.

2.04 Dual Applications

A Dual Application is an application for financing structured with 9% tax credits and a simultaneous application structured with 4% tax credits, or, in certain circumstances, deferred loan funding only. The Dual Application process is encouraged in this year's RFP only for proposals meeting certain criteria.

Why submit a Dual Application? Minnesota Housing will review the application and score it as a 9% proposal per the respective criteria and priorities as outlined in the QAP and RFP Guide. If Minnesota Housing determines that a 4% structure would be appropriate, the Agency will work with the developer to adjust the proposal accordingly. Some funding sources do not work with 9% credits, so being able to structure proposals under either scenario allows more resources to be deployed and more developments to be funded in the funding round.

Who should submit a Dual Application? 9%/4% Dual Applications are **required** for proposals that include any of the following Strategic Priorities as defined in the Strategic Priorities section of the Deferred Loan Priority Checklist:

Preservation
Permanent Supportive Housing
Greater Minnesota Workforce Housing

And meet one of the following size criteria:

Has more than 40 units and \$2.5 million in equity proceeds; or
Has less than 40 units or less than \$2.5 million in equity proceeds, and the application includes a detailed Letter of Interest from an investor or syndicator that documents that initial underwriting has taken place, includes preliminary terms, and is signed by both the investor and applicant.

Where Minnesota Housing will be the tax exempt bond issuer, the project must utilize at least \$2 million in bond proceeds. The \$2 million minimum may include short term bonds to meet the 50% test.

NOTE: All Tax Credit proposals requesting points under Preservation are required to submit a Dual Application.

9%/4% Dual Applications are **optional** for proposed projects that do not meet one of the Strategic Priorities identified above, but do meet the size criteria.

9%/Deferred Only Dual Applications are optional for projects that do meet one of the Strategic Priorities but not the size criteria. These proposals may submit a second application requesting deferred funding only with no tax credits.

Refer to section I on the Application Checklist for additional information on the Dual Application option.

NOTE: Only one Housing Tax Credit Self-Scoring Worksheet, reflecting the 9% proposal, should be submitted. Applications chosen with a 4% structure or a deferred only structure will be held to the commitments made on the 9% Self Scoring Worksheet except as adjusted by Minnesota Housing. Any modifications to the Scoring as a 4% structure will be communicated at the time of selection.

Chapter 3 – Development Eligibility

Among proposals that satisfy the eligible housing types, eligible projects, and selection standards, and that meet at least one Strategic Priority, Minnesota Housing will give priority in awarding funding to those proposals that best meet the greatest number of Strategic Priorities and Selection Priorities. The Strategic Priority policies describe the main strategic focus and driving policy goals of the Agency in the current funding round, and will be of primary importance in the evaluation of applications. The Selection Priorities capture other elements that are beneficial to a project.

3.01 Eligible Housing Types

Permanent, general occupancy rental housing

Permanent supportive housing

3.02 Eligible Projects

Projects must contain a minimum of four units. Scattered site developments must be located in the same city or county and also contain a minimum of four units

Developments with age restrictions of 55 and older are either not considered a funding priority, and may not be eligible under some funding sources. Proposals targeting seniors may be eligible for the Senior Housing Pilot discussed under Section 3.08 - Temporary Funding Priorities.

3.03 Ineligible Projects

Nursing homes, board and care facilities, and supervised living facilities licensed by the State of Minnesota or a delegated local Department of Health are not eligible for funding, nor are properties where residents require a 24-hour plan for supervision and/or medical/health care.

3.04 Eligible Activities

New construction

Acquisition of land or existing structures

Rehabilitation of housing

Adaptive Reuse/Conversion to housing from another use

Preservation

Demolition

Construction financing

Permanent financing

Rental Assistance

3.05 Selection Standards

Applicants must satisfy the following funding requirements:

Overall Project Feasibility. The following factors will be considered in determining an applicant’s demonstrated overall project feasibility:

The nature of the proposed site;

Whether the proposed housing is needed in the intended market, based upon population, job growth, and very low housing vacancy rates;

Whether costs of developing the housing are reasonable;

Whether the applicant has demonstrated cost containment efforts for all stages and aspects of the development without compromising overall development quality;

Whether the housing is economically viable; and

For permanent supportive housing, whether the applicant has secured on-going funding for the support services that address the special needs of the proposed targeted population.

Organizational Capacity. The following factors will be considered in determining whether an organization has demonstrated sufficient organizational capacity:

The applicant’s purpose and mission;

The applicant’s related housing experience;

Whether the applicant has successfully completed similar projects or is partnering with other organizations that have successfully completed similar projects;

Whether the applicant has strong current and expected ongoing capacity to complete the proposed housing as well as other proposals being developed by the organization; and

Whether the applicant has the capacity to maintain the rental housing long term.

3.06 Overview of Strategic Priorities

Proposals must **meet at least one strategic priority to be eligible for funding** from Minnesota Housing, and developments that best meet the most of these criteria will receive priority. Minnesota Housing’s current strategic priorities are as follows (Refer to the [HTC Self-Scoring and Deferred Priority Checklist](#) for detailed definitions of the Strategic Priorities and the Deferred Priority Checklist Help Text):

Preservation. Preservation of developments that contain Existing Federal Assistance or other Critical Affordable Units at Risk of Loss will be prioritized.

This strategic priority is met by the development meeting one of the following Risk of Loss Thresholds:

Risk of Loss Due to Market Conversion

Risk of Loss Due to Critical Physical Needs

Risk of Loss Due to Ownership Capacity

Additionally, projects must be located in a Preservation Geographic Priority Area.

For projects meeting one of the above Risk of Loss Thresholds, a development also needs to qualify as:

Existing Federal Assistance

Critical Affordable Units at Risk of Loss

In addition, priority for Critical Affordable Units at Risk of Loss will be given to those developments with evidence of funder collaboration. For more information on this strategic priority, visit the [Preservation page](#) of Minnesota Housing's website.

Finance Housing Responsive to Minnesota's Changing Demographics. Developments that are responsive to changing and unmet needs in Minnesota's population will be prioritized.

This strategic priority is met by developments that provide Permanent Supportive Housing for Special Populations and proposals that support the goals of the Senior Rental Housing Pilot described in Section 3.08.

Address Specific and Critical Needs in Rental Housing Markets. To address the strategic priority of addressing specific and critical needs in rental housing markets, applications that supply housing that addresses a documented rental housing need, substantiated by compelling data and market analyses, will be prioritized.

This strategic priority is met by the development meeting one of the following:

TOD on Fixed Transit – proposals within one half mile of a planned or existing light rail transit, bus rapid transit, or commuter rail station.

Greater Minnesota Workforce Housing – Greater Minnesota projects that support community efforts to provide workforce housing.

Economic Integration – projects located in higher income communities outside of rural/tribal areas.

Tribal Governments, Tribal Corporate Entities, and Tribally Designated Housing Entities – proposals sponsored by a tribal entity.

Planned Community Development – proposals which support local development efforts.

Prevent and End Homelessness. To address this strategic priority, developments that provide Permanent Supportive Housing opportunities with support services for households experiencing homelessness and long-term homelessness (LTH) will be prioritized. In this RFP, preference will be given to proposals setting aside units for households experiencing long-term homelessness (LTH), and in particular to LTH youth and LTH families with children. In addition, proposals will be evaluated for alignment with priorities of the local Continuum of Care (CoC), as described below. More detailed information for proposals incorporating supportive housing is available on [Minnesota Housing's website](#).

3.07 Selection Priorities

Among proposals that best satisfy the strategic priorities, Minnesota Housing will give priority in awarding funding to those proposals that best meet the greatest number of the following selection priorities.

Refer to [HTC Self-Scoring and Deferred Priority Checklist](#) and the Deferred Priority Checklist Help Text for detailed definitions of each Selection Priority:

Household Targeting. Developments that provide housing for large families, single room occupancy, and special populations.

Economic Integration – Mixed Income. Developments that provide housing for households with a wide range of incomes and housing needs in mixed-income projects or within higher income communities.

Rural/Tribal. Developments located in a rural or tribal community.

Workforce Housing. Developments that are located within five miles of a Metro area workforce housing city or township, or within 10 miles of a Greater Minnesota workforce housing city or township.

Federal, Local, Philanthropic, Employer Contributions. Developments that have secured contributions from the federal government, a local unit of government, an area employer and/or private philanthropic, religious or charitable organization.

Private Investment. Developments that have secured private investments.

Financial Readiness to Proceed. Developments that have secured funding commitments for one or more permanent funding sources at the time of application.

Preservation. Developments that meet one of the three Risk of Loss Thresholds in the strategic priority category that also meet either the Existing Federal Assistance or Critical Affordable Units at Risk of Loss criteria.

Permanent Housing for Individuals Experiencing Long-Term Homelessness. Developments that provide permanent housing opportunities with support services for households experiencing long-term homelessness (LTH). Priority for developments that propose LTH units will be provided to applicants targeting youth or families with children. Priority is also provided for proposals that address locally determined priorities as published by the Continuum of Care.

LTH Rental Assistance. Developments that have secured rental assistance for LTH units being proposed.

High Speed Internet. Developments that will provide High Speed Internet access via installation of all appropriate infrastructure and connections for cable, DSL or wireless internet service to every unit in the development.

Location Efficiency. Developments that are located near jobs and transportation, including regional and interregional transportation corridors and transit ways.

Universal Design. Developments that are designed to meet the needs of all households to the greatest extent possible, regardless of age, ability, or status in life.

Smoke Free Buildings. Developments that will institute and maintain a written policy prohibiting smoking in all units and common areas.

Targeted Rent and Income. Developments that commit to providing rent levels affordable to the lowest income households, or in projects meeting the Greater Minnesota Workforce Strategic Priority, affordable to the local workforce, for the term of the loan(s) awarded by Minnesota Housing.

Rental Assistance. Developments that provide fully executed commitments for project based rental assistance at the time of application.

QCT/Community Revitalization and Tribal Equivalent Areas. Developments that are located in a Qualified Census Tract and are part of a plan that provides for community revitalization.

Greater Minnesota Workforce Housing – Meaningful Employer Contribution. Developments that meet the Greater Minnesota Workforce Housing Strategic Priority and have received a meaningful contribution from an area employer.

3.08 Temporary Funding Priorities

Temporary funding priorities are funding priorities established by the legislature or Minnesota Housing’s Board of Directors, which reflect unexpected short-term changes in the demand for housing.

Senior Rental Housing Pilot. The Senior Pilot will fund up to one development that creates new units for seniors age 62 and older through new construction or conversion to residential housing, with a services component. Proposals that provide the greatest number of units affordable to households at 30 percent of area median income, that promote aging in place, and that minimize the funding request to the Agency, will receive priority. The Agency reserves the right to not fund a project under this pilot if proposals received do not meet Agency priorities and effectively use scarce resources. For further details, including Senior Rental Housing Pilot design standards, please visit the Senior Rental Housing Pilot webpage.

Chapter 4 – Funding Partner Programs

Metropolitan Council – Local Housing Incentives Account (LHIA). LHIA grants fund the expansion and preservation of affordable housing to assist communities participating in the Metropolitan Local Housing Incentives Program meet their negotiated housing goals. The Council will give priority to:

Rental proposals creating or preserving affordability for persons at or below 30 percent of AMI;
Proposals that serve large families by providing two or more bedroom units; and
Proposals serving households experiencing long-term homelessness.

NOTE: Metropolitan Council funding may only be awarded to eligible cities, counties or development authorities. Project work may only be conducted in communities participating in the Livable Communities Local Housing Incentives Program. Applicants must provide an Acknowledgement of Receptivity form from the local government unit and agree to match grant funding on a dollar-for-dollar basis.

No applicant for a Metropolitan Council LHIA grant shall be eligible if the project for which the grant is requested requires the exercise of eminent domain authority over private property for purposes of economic development.

Greater Minnesota Housing Fund (GMHF). GMHF gives preference to projects in the 80-counties of greater Minnesota which:

Preserve at-risk federally-assisted housing, with priority to projects with deep tenant subsidy (project-based rental assistance) and in markets where there is a strong demand for affordable housing.

Serve long-term homeless families and individuals.

Provide new housing opportunities for low-income families in strong markets.

Department of Employment and Economic Development (DEED). The Small Cities Development Program (SCDP) is funded by the Department of Housing and Urban Development, Community Development Block Grant program which is administered by the State of Minnesota, Department of Employment and Economic Development (DEED). The program provides financial assistance to communities in addressing critical housing, economic development, and public facility's needs.

Metro Housing and Redevelopment Authority (Metro HRA). The Metro HRA announces the availability of approximately 30 units of federal rent subsidy under its Section 8 Project-Based Voucher Rental Assistance (PBV) Program. The PBV program is a HUD Section 8 housing subsidy program that ties rental assistance directly to a specific unit or project. Eligible families receive rental assistance by agreeing to live in existing, newly constructed or rehabilitated units and continue to receive assistance as long as they reside in the specific project based dwelling unit.

The HRA administers the PBV program within Anoka, Ramsey, Hennepin and Carver Counties, excluding the cities of St. Paul, Minneapolis, St. Louis Park, Plymouth, Richfield and Bloomington.

[Saint Paul Public Housing Agency \(St. Paul PHA\)](#). The St. Paul PHA requests proposals from owners that will provide rental housing for homeless veterans who qualify for project-based vouchers through the Veterans Affairs Supportive Housing (VASH) program. The award of any vouchers would be CONTINGENT on the PHA receiving an award of new VASH vouchers for project-based voucher use from HUD. The PHA expects that HUD may issue a new Notice of Funding Availability sometime in 2016. The PHA administers the PBV program within the City of St. Paul. For information on application submission requirements, evaluation criteria, and program requirements see the St. Paul PHA Contingent VASH RFP document.

Chapter 5 – Multifamily Underwriting Standards

5.01 Minnesota Housing Multifamily Underwriting Standards

Refer to the [Minnesota Housing Multifamily Underwriting Standards](#) document to find Agency underwriting standards, including updated information on the following items:

Developer Incentive Fee - Chapter 4.03 and Chapter 11.03

All Reserves - Chapter 5.03

Cash Flow Note - Chapter 9.03

5.02 Rent and Income Limits

Minnesota Housing will require income and rent limits consistent with those specified in the owner’s application, provided that they are not higher than applicable program statutory income and rent limits.

5.03 Relocation Policy

Minnesota Housing prohibits Involuntary Displacement of residents from developments receiving Agency funding. If a development receives federal funds, Uniform Relocation Act provisions will apply.

All existing developments must submit a relocation plan that addresses both temporary relocation and permanent voluntary displacement. See Application Checklist Help Text for plan requirements.

5.04 Appraisal Requirements for Application

An **Agency ordered** appraisal is required to support the acquisition price and will be used by Minnesota Housing and its funding partners to size funding awards. Appraisals completed for other lenders or **ordered by the applicant will not be accepted.**

Minnesota Housing will underwrite the acquisition cost based on the lesser of the option/purchase agreement purchase price or the appraised value of the property. The appropriate value will be based on the type of proposal:

Land-only (for new construction): Fee simple, market value of the land. The appraisal will consider the real property's zoning as of the effective date of the appraiser's opinion of value. If the real property consists of more than one parcel, the parcels will be combined in one appraisal with one value conclusion.

Acquisition/Rehab: Fee simple, in “as-is” condition

Assuming market rate rents (value will be adjusted to reflect the remaining term of existing rental assistance contracts, if applicable)

Assuming existing restricted rate rents

Adaptive Re-Use: Fee simple market value of the property to be adapted for an alternate use. The valuation will assume the highest and best use permitted by law and economically feasible in the current market.

Other considerations:

For a related- or affiliated-party transaction that occurs within three years of a previous arms-length third-party transaction, Minnesota Housing’s underwritten acquisition cost will be based upon the lesser of the previous third-party transaction’s purchase price, with no adjustment for appreciation or depreciation, or the appraised value of the property following selection for funding.

For a development acquired as part of a portfolio acquisition, Minnesota Housing will use the Certificate of Real Estate Value to establish the initial purchase price.

For a development acquired as part of a land and/or building subdivision, Minnesota Housing will use a reasonable allocation from the Certificate of Real Estate Value to establish the initial purchase price.

The following types of proposals are exempt from the appraisal requirement at the time of selection, however Minnesota Housing in its sole discretion, reserves the right to secure an appraisal at the borrower’s expense at a later date:

Acquisition price under \$100,000

Land only where there is no identity of interest*

Single family homes (1-4 family) that are aggregated under one loan (Minnesota Housing will use assessed value unless the borrower requests an appraisal for determining “acquisition cost” as defined in the Agency’s Underwriting Standards.)

Property on tribal lands

*“Identity of interest” is used broadly to include non-arm’s length transactions, related party transactions.

All costs incurred for the appraisal, including any revisions, will be the responsibility of the applicant. The appraisal will be valid for one year from the effective date of the report.

5.05 Appraisal Fee

Appraisal fees are required at the time of Intent to Apply, unless your development is exempt (as described above). **Failure to include applicable fees with the Intent to Apply may result in application rejection.**

The appraisal fee is a non-refundable fee for non-selected developments. Scattered site developments may require additional fees, if the buildings cover a large geographical area.

Appraisal Fee – Land Only: \$2,000

Appraisal Fee – Existing Buildings: \$4,500

5.06 Management and Operating Expenses

Applicants should submit the management and operating (M&O) budget based on the anticipated stabilized operating expenses occurring after the development is placed in service or upon full occupancy. For operating properties, the historic M&O expenses will be used, with appropriate adjustments for projected economies attributable to the proposed rehabilitation and for changes associated with new program requirements.

M&O expenses (net of real estate taxes and reserves) will be evaluated and analyzed in relationship to comparable properties in Minnesota Housing’s portfolio, the expense comparable in the appraisal and other information deemed relevant and appropriate.

M&O expense numbers are calculated on a per room basis. The rental rooms per unit are calculated as follows:

Unit Type	Rental Rooms Per Unit
Bed/Shelter	2.0
EFF/SRO	2.5
1BR	3.5
2BR	4.5
3BR	6.0
4BR	7.0
5BR	8.5

The proposed M&O expenses should be based on the developer/management company’s current portfolio and supported by:

Actual audited operating data provided by the developer/management company for similar developments

Circumstances and/or significant changes to the economics of the development’s current marketplace, such as increased utility costs and property insurance

Operating trends of the developer or management company

The owner supporting the proposed M&O expenses should include:

For new construction: The New Construction Comparable Property Form must be filled out for each comparable property that aligns with the proposed development. A copy of the year-end audit is required to be submitted and coincide with the financial information written in the form. If either the New Construction Comparable Property Form or the supporting audit is missing from the submission, the documents will not be accepted.

For existing properties: Copies of audited financial operating expense statements for at least 3 stabilized years

In sizing its funding awards, Minnesota Housing reserves the right to adjust the proposed M&O expense numbers based upon the information supplied, specified development type, circumstances and/or significant changes to the economics of the development's current marketplace. Minnesota Housing will also use its M&O database to compare projected M&O expenses with audit data from comparable property types.

5.07 Multifamily Design Standards

Minnesota Housing is committed to constructing or rehabilitating multifamily housing to a standard that when properly maintained, remains decent, safe, and affordable for the duration of the financing compliance period.

Formal applications are subject to an architectural concept review that is conducted by the Minnesota Housing staff architect assigned to the development. In evaluating various design/construction alternatives available to a particular development, Minnesota Housing seeks to find solutions that create the most lasting value with the lowest life-cycle costs while maintaining a reasonable initial cost. Design concept changes may be required as a condition of selection for processing.

Minnesota Housing has established minimum design standards that are applicable to the construction/rehabilitation project being proposed. These standards are more restrictive than applicable building codes. The type of housing and funding program often dictates which standards apply.

Refer to the Minnesota Housing [Building Standards](#) web page for the Rental Housing Design/Construction Standards and other design information.

Chapter 6 - Application Instructions

6.01 Applicant Responsibilities

It is the applicant's responsibility to be aware of all submission requirements needed to submit a complete application based on the specific housing proposal and activity type. The [Multifamily Application Materials](#) are available on Minnesota Housing's website. **A complete application consists of the Intent to Apply, Development Team Qualification Forms, the Application Package, and required Application Fees.** The Consolidated RFP process is highly competitive in nature -- a typical funding round will result in requests equal to four to five times the amount of funding that is available therefore, incomplete Application Packages will be returned and no resubmission will be allowed during the current Consolidated RFP round.

Applicants must use the most current version of application forms from Minnesota Housing's web site for each funding round.

6.02 Intent to Apply

The Intent to Apply form is used to set up an account for applicants on Box.com, which is used for electronic application submission, and to provide the information and fees necessary to order an appraisal, if required. An electronic copy of the Intent to Apply, along with all required supporting documentation, must be emailed to mhfa.app@state.mn.us. In addition, a copy of the Intent to Apply form (without supporting documentation), along with the appraisal fee, must be delivered to:

Minnesota Housing
400 Sibley Street, Suite 300
St. Paul, MN 55101-1998

Applicants that plan to submit an application through the Consolidated RFP must submit the Intent to Apply, all required supporting documentation, and the appraisal fee no later than 5:00 p.m. C.S.T. on Thursday, June 2, 2016. Pipeline applicants must also submit the Intent to Apply in advance of the application.

6.03 Development Team Qualification Forms

[Development Team Qualification forms](#) can be submitted either prior to or at the time of application submission, and must be emailed to mhfa.app@state.mn.us no later than 5:00 p.m. C.S.T. on Thursday, June 16, 2016.

6.04 Application Package

The Application Package materials consist of:

Minnesota Housing's Common Application Forms

Minnesota Housing's Supplemental Requirements based upon the type of funding requested (i.e., Housing Tax Credits, dual applications, etc.) and/or the type of housing proposed (supportive housing, preservation, etc.).

The Application Package must be received no later than 5:00 p.m. C.S.T. on Thursday, June 16, 2016. An electronic copy must be uploaded to Minnesota Housing's Box.com system, and one original hard copy delivered to:

Minnesota Housing
400 Sibley Street, Suite 300
St. Paul, MN 55101-1998

Upon delivery of the original hard copy, applicants may no longer upload nor revise submission items on Box.com. Upload instructions and an access code for Box.com will be provided by Minnesota Housing upon receipt of the Intent to Apply.

6.05 Application Fees

Minnesota Housing requires an application fee to cover as-is appraisal costs. If applying for Housing Tax Credits or a Minnesota Housing amortizing first mortgage, additional application fees are required.

6.06 Application Reference Materials

Minnesota Housing provides an [Application Resources](#) page containing links to various materials that may be utilized in completing the Application Package.

6.07 Application Submittal

It is very important that the Application Package be compiled in the order stated on the Multifamily Application Checklist.

Three ring binders or plastic casings around the pages will not be accepted. You may only use staples, binder clips, or rubber bands to bind the Application Package. Numbered and lettered tabs should be used to separate Checklist items in the Application Package.

In Box.com, application submittal items must be uploaded as individual files in the folders provided.

Please contact Mary Hieb at 651.296.8185, or mary.hieb@state.mn.us if you are having technical difficulties or require assistance submitting your Application Package.

Chapter 7 – Pipeline Application

The information contained in Chapters 4 and 5 is also applicable to Pipeline Applications with the exception of deadline dates. Blackout dates and additional requirements may apply.

7.01 Pipeline Application Guidelines

Funding Sources Eligible for Pipeline. Application Packages submitted for the following funding sources will be accepted subject to funding availability and program eligibility:

Amortizing mortgages, including loans under the Low and Moderate Income Rental Program (LMIR) and FHA/HUD loans under the MAP programs

Flexible Financing for Capital Costs (FFCC) (deferred loan funding available **ONLY** in conjunction with LMIR program)

Preservation Affordable Rental Investment Fund (PARIF)

HOME Investment Partnerships Program (HOME)

Housing Infrastructure Bond Proceeds (HIB)

Additional processing criteria for the following funding sources:

Preservation Affordable Rental Investment Fund (PARIF)

HOME Investment Partnerships Program (HOME)

To be eligible for processing through the Pipeline for PARIF, and HOME funding, the request **must be the final source needed to complete the financing package**. Proposals must face one of the following risks which preclude applying through the Consolidated RFP:

The proposal has existing funding commitments that cannot be extended and will be otherwise lost.

The current owner delivered an opt-out notice and the federal subsidy would be lost without an incentive or transfer.

The proposal is for immediate emergency repairs threatening the health and safety of existing tenants.

The proposal documents a unique housing opportunity that would be lost and that advances Minnesota Housing strategic priorities as outlined in this Guide.

In addition to the Application submissions requirements found on the Application Checklist, Pipeline Application Packages must include a letter stating how the proposal meets the Pipeline processing criteria and describe the reason why the proposal must be processed prior to the next funding round. Additionally, if the Application Package is being resubmitted because it was not selected for funding previously, then the applicant should detail how identified deficiencies have been addressed in the current Application Package.

7.02 Non-Competitive Housing Tax Credits Pipeline Application

Application Packages submitted that request the following funding sources may be accepted at any time, subject to funding availability, program eligibility and the criteria specified below.

Housing Tax Credits in Conjunction with Minnesota Housing Issued Tax-Exempt Bonds (Non-Competitive Tax Exempt Bond Allocation Pool). Developers may apply directly to Minnesota Housing for an allocation of tax credits when submitting an Application Package for Minnesota Housing issued tax-exempt bonds. Refer to the Tax-Exempt Bonds Procedural Guide for additional information. In addition to providing a complete Application Package, proposals must meet the following criteria:

Be consistent with Minnesota Housing’s Housing Tax Credit Qualified Allocation Plan and the Housing Tax Credit Procedural Manual eligibility and Multifamily Underwriting Standards.

Meet the minimum scoring threshold on the Housing Tax Credit Self Scoring Worksheet for the proposed development.

Housing Tax Credits in Conjunction with Locally (e.g., Non Minnesota Housing-issued) Tax-Exempt Bonds (Noncompetitive Tax Exempt Bond Allocation Pool). Prior to the issuance of the tax-exempt bonds, developers with proposals for developments located outside the jurisdiction of a local suballocator, may apply directly to Minnesota Housing for an allocation of tax credits. In addition to providing a complete Application Package, proposals must meet the following criteria in order to apply:

Provide evidence of the tax credit determination and financial feasibility letter 42(m) (2) (D) prepared by the bond issuer.

Be consistent with Minnesota Housing’s Housing Tax Credit Qualified Allocation Plan and Housing Tax Credit Procedural Manual eligibility and Multifamily Underwriting Standards.

Meet the minimum scoring threshold on the Housing Tax Credit Self Scoring Worksheet for the proposed development.

Chapter 8 – Compliance and Fair Housing

8.01 Contract Compliance

Contract Compliance/Equal Opportunity Policy. It is the policy of the Minnesota Housing to take affirmative action to provide equal opportunity in all of our projects, programs, and other endeavors. Minnesota Housing’s goal is to achieve a client and recipient mix that is representative of the people who live in our state and our communities, so that all employment and contractual benefits that develop as a result of our programs will be shared by all Minnesotans. This policy applies to all Minnesota Housing employees and everyone with whom we do business.

Purpose. The purpose of this Plan is to make Minnesota Housing’s commitment to act affirmatively to achieve equal opportunity in all facets of its operation, clear to both internal staff and outside parties with whom we do business.

Goals. Our goal is to ensure minority and female contractors and subcontractors equal access to business opportunities on Minnesota Housing financed projects and to encourage the presence of minorities and women at all levels, on the staffs of the program participants having contractual agreements with Minnesota Housing. Minnesota Housing’s goal is to ensure that the workforces on the projects and programs we finance reflect demographically the area in which they are located. Our goal is to ensure equal business opportunity to minority and female contractors and subcontractors on the projects we finance and equal employment opportunity in the workforces of the firms with whom we sign contractual agreements, in which a contractor commits to meet Minnesota Housing’s employment and business goals. These goals will apply for the length of the contract or the life of the mortgage. Minnesota Housing, at its discretion, may set numerical or percentage goals dependent on the location and size of a given project. Current goals will be determined by staff based on the location of the project.

Requirements. Minnesota Housing is required to comply with all applicable state, federal and local laws. These requirements are passed on to everyone we do business with, either by contractual agreement or as a Minnesota Housing policy.

Sanctions. Minnesota Housing has the contractual authority to demand full payment of any loan or grant, stop proceeding with any project at any stage, and cease to do business with any entity or individual that fails to follow our affirmative action policies or fails to meet its/his/her contractual equal opportunity obligations.

8.02 Fair Housing Policy

Fair Housing Policy. It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, or sexual orientation.

Minnesota Housing's fair housing policy incorporates the affirmative fair housing marketing practices addressed in Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, which state that it is unlawful to discriminate in the sale, rental, and financing of housing based on race, color, religion, sex, handicap, familial status or national origin; as well as the fair housing protections provided by the Minnesota Human Rights Act, which adds creed, marital status, status with regard to public housing, and sexual orientation.

In part, regarding rental housing issues, Title VIII and the Human Rights Act makes it unlawful to: (i) discriminate in the selection/acceptance of applicants in rental of housing units; (ii) discriminate in terms, conditions or privileges of rental of a dwelling unit; (iii) engage in any conduct relating to the provision of housing which otherwise make unavailable or denies rental of a dwelling unit; (iv) make or publish (or have anyone else make or publish) advertisements that indicate preferences or limitations based on race, etc.; (v) tell a person that because of race, etc., a dwelling unit is not available when it is; and (vi) deny access to, or membership or participation in, associations or other services organization or facility relating to the business of renting a dwelling or discriminate in the terms or conditions or membership or participation.

Minnesota Housing has a commitment to affirmatively further fair housing for members of the disabled communities by promoting the accessibility requirements set out in the Fair Housing Amendment Act of 1988, which establish design and construction mandates; and provide for the residents' right to make reasonable accommodations, under certain conditions (applicable to covered multifamily dwellings: buildings consisting of 4 or more units if such buildings have one or more elevators; and ground floor dwelling units in other buildings consisting of 4 or more dwelling units).

All Minnesota Housing programs require owners to market affirmatively, using specific steps geared to the particular program. These steps include:

Outreach to all groups protected by the Civil Rights Act of 1968, as amended in 1988, and those protected by the Minnesota Human Rights Act; affirmative marketing strategy that reaches protected groups; self-analysis to make sure all steps are non-discriminatory; and upon request by Minnesota Housing, the submission of reports and documents that confirm the owner's fair housing efforts.

Participants will be expected to submit a Minnesota Housing Affirmative Fair Housing Marketing Plan at the time of application and use affirmative fair housing marketing practices in soliciting renters, determining eligibility, and concluding all transactions.

Chapter 9 – After Selection

9.01 Board Commitment Term

Minnesota Housing commitment terms begin upon board approval date, as listed below:

Deferred Loan – 20 months

LMIR – For LMIR loans, Board approval is a two-step process. The initial board action provides approval for selection only to allow the Agency to further its review and due diligence process. The selection is valid for 12 months. After completion of underwriting, Board commitment approval will be sought to enter into a loan commitment which is valid for six months.

HOME – The applicant must enter into a legally binding written agreement which indicates construction can reasonably be expected to start within 12 months of the HOME written agreement date.

If a development does not enter into a loan commitment or end loan commitment within the imposed term, Minnesota Housing reserves the right to recapture funds and/or return to board for a commitment extension.

Applications will be subject to the Agency’s Mortgage Credit Committee for final feasibility and capacity review preceding commitment.

9.02 Selection Conditions

All selected proposals will be subject to funding priorities and conditions of selection through a legal restriction for the term of the loan.

9.03 Project Launch

The purpose of the project launch meeting is to review the details of the proposal and specific requirements of the funding source(s). At this meeting the sponsor will be provided with a list of required due diligence items. Submittal of additional due diligence, including construction documents that explicitly and thoroughly define the scale, scope, and quality of the proposed construction or rehabilitation; additional information regarding the capacity and financial strength of the proposed ownership entity, sponsor and development team; and information regarding all proposed funding sources will be required.

9.04 Selection to Loan Closing

Processing of multifamily loans is generally completed within six to eleven months from the date of Selection to the date of Loan Closing. Attainment of this goal requires close cooperation by all parties and assumes prompt and complete submission of all necessary documents. Delays in submission or revision of any items will result in delays in reaching Loan Closing.

Mortgage Credit Committee Approval. All Minnesota Housing funding proposals must obtain approval from the Mortgage Credit Committee prior to issuance of a Term Letter. The

Mortgage Credit Committee review will include a thorough analysis of all aspects of the proposal including rent structure and operating budget, development budget and appropriateness and sufficiency of all funding sources. Agency loans will be reviewed for prudent use of governmental resources including proper structuring and risk-mitigation. The Mortgagor's and sponsor's (or financially responsible party) financial capacity is thoroughly evaluated for sufficiency and guarantees or any other loan conditions or requirements will be determined.

Issuing Term Letters and Loan Commitments. Minnesota Housing will issue a Term Letter for each proposal approved by the Mortgage Credit Committee. The Term Letter establishes an earlier written communication with Developers with respect to their development's approved financing and closing terms and conditions.

A Loan Commitment will be issued and executed, in addition to the Term Letter, for proposals approved for end loan financing and for bond financed construction loans only. Minnesota Housing is no longer issuing Loan Commitments for proposals approved for non-bond financed construction loans.

Commitment to Loan Closing. Required legal documentation is submitted to Minnesota Housing for review and approval prior to a loan closing date being established.

Loans for permanent rental housing may allow for closing in a standard construction loan format. In this instance, Minnesota Housing architectural staff will perform periodic site inspections for the purposes of ensuring the work is proceeding in accordance with approved plans, specifications or rehabilitation construction contracts; and to review, approve and process contractor's pay requests. Generally, no more than one construction progress payment will be made per month. Construction progress payments are made through a title company. Construction costs, including contractor's overhead and profit, are funded on a basis of percentage complete, less a retainage that will typically be 10 percent.

For deferred loans, Minnesota Housing may or may not be the entity performing inspection draws. This will be determined on a case-by-case basis and will depend upon the expertise/capacity of the first mortgage lender or other capable lenders involved in financing the development.

Loans may also be closed in an end loan format with closing of the loan and disbursement of funds occurring after the completion of all of the construction or rehabilitation work. Construction oversight will typically consist of one final inspection by Minnesota Housing staff after work completion to ensure that Minnesota Housing's investment is reasonable and prudent prior to closing and disbursing funds.

9.05 After Loan Closing

Monitoring/Reporting. Requirements for reporting tenant and budget information and for long term monitoring of the development will vary based upon the source and level of funding. Minnesota Housing will not monitor developments that do not have Minnesota Housing tax credits or funding. In some instances there may be layers of income and/or rent restrictions due to multiple sources of funding (e.g., federal funds, state appropriations). Some developments, depending upon the source of funding, may be limited to a 15 percent return on actual developer equity.

Owners must certify annually that the development has complied with the rent and income guidelines required by the funding source(s), supply occupancy information for all units in the property to support the certification, and in some cases supply annual operating data. Owners will be asked to provide additional demographic data for Minnesota Housing research, although this information cannot be required as a condition of occupancy. Compliance reporting requirements can be found in Chapter 1 of the [Property Online Reporting Tool User Manual](#). For developments requiring first mortgage oversight (submission of budget, monthly operating reports, audits) the required process can be found [on our website](#).

Appendix – Acronyms and Abbreviations

AIA	American Institute of Architects
ACC	Annual Contributions Contract
AFHMP	Affirmative Fair Housing Marketing Plan
AHIF	Affordable Housing Incentive Fund, (Hennepin County)
ARIF	Affordable Rental Investment Program
AHP	Affordable Housing Plan
AMI	Area Median Income
ARM	Apartment Renovation Mortgage
CDA	Community Development Agency
CDBG	Community Development Block Grant
CHDO	Community Housing Development Organization
CIP	Conservation Improvement Program (funded by local utility companies and cooperatives with matching funds available from GMHF and FHF)
CMIF	Central Minnesota Initiative Fund
CPED	Community Planning and Economic Development (Minneapolis)
DD	Developmentally Disabled
DEED	Department of Employment and Economic Development
DHS	Department of Human Services (Minnesota)
DHS-AMHD	Department of Human Services – Adult Mental Health Division
DHS-HTF	Department of Human Services-Housing Trust Fund (Operating Subsidy)
Economic Vacancy	Percent of loss in income
EDHC	Economic Development and Housing Challenge Program
ELHIF	Ending Long-Term Homelessness Initiative Fund
ELHIF-OS	Ending Long-Term Homelessness Initiative Fund-Operating Subsidy
ELHIF-RA	Ending Long-Term Homelessness Initiative Fund – Rental Assistance
EMHI	Emerging Markets and Homeownership Initiative
ERF	Environmental Response Fund
ESG	Emergency Shelter Grant (Federal)
FA	Financing Adjustment
FAF	Financing Adjustment Factor
FFCC	Flexible Financing for Capital Costs
FHF	Family Housing Fund (non-profit)
FHF-MN Green	Family Housing Fund – Grant Program to build Greener MN Housing
FHLB	Federal Home Loan Bank
FHLB-AHP	Federal Home Loan Bank-Affordable Housing Program
GMHF	Greater Minnesota Housing Fund (non-profit)
GMHF-MN Green	Greater MN Housing Fund – a Grant Program to build Greener Housing
HAP	Housing Assistance Payments
HFA	Housing Finance Agency

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HIB	Housing Infrastructure Bond Program
HARP	HOME Affordable Rental Preservation(Federal)
HMIS	Homeless Management Information System
HOPWA	Housing Opportunities for Persons with AIDS
HRA	Housing Redevelopment Authority
HSASMI	Housing with Supports for Adults with Serious Mental Illness
HTC	Housing Tax Credits
HTF	Housing Trust Fund
HTF-LTH	Housing Trust Fund, Long-Term Homelessness Program
HTFTBA	Housing Trust Fund Tenant Based Rental Assistance Program
HTFSBA	Housing Trust Fund Sponsor Based Rental Assistance Program
HTFUC	Housing Trust Fund Unique Costs
HUD	United States Department of Housing and Urban Development
HUD SHP	HUD Supportive Housing Program
IIH	Innovative and Inclusionary Housing Program
Impact Fund	Community Homeownership Impact Fund (fka CRV)
IRC	Internal Revenue Code
IRS	Internal Revenue Service
LCA	Livable Communities Act
LCDA	Livable Communities Demonstration Account (Met Council)
LHIA	Local Housing Incentives Account (Met Council)
LLC	Limited Liability Corporation
LMIR	Low and Moderate Income Rental Program
LMIR/Pres	LMIR Preservation
LTH	Long-Term Homelessness
MAP	HUD Multifamily Accelerated Processing Program
MARIF	Minnesota Families Affordable Rental Investment Fund Program
MHFA	Minnesota Housing Finance Agency (Minnesota Housing)
MHIG	Metropolitan Housing Investment Guidelines
MIP	Mortgage Insurance Premium
MHOP	Metropolitan Housing Opportunities Program aka Hollman (Minneapolis PHA)
MN Green	Minnesota Green Communities (funded by FHF and GMHF)
NAHASDA	Native American Housing Assistance and Self Determination Act
NCTC	New Construction Tax Credit
NEMIF	Northeast Minnesota Initiative Fund
New Affordable	New affordable units having income restrictions
NWMIF	Northwest Minnesota Initiative Fund
ODE	Operating Deficit Escrow
OS	Operating Subsidy
PAH	Partnership for Affordable Housing
PARIF	Preservation Affordable Rental Investment Fund

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PBV	Project Based Vouchers
PHA	Public Housing Authority
Physical Vacancy	Number of Vacant Units
POHP	Publicly Owned Housing Program
POHPT	Publicly Owned Housing Program-Transitional
PONLT	Publicly Owned Neighborhood Land Trust Program
POPR	Publicly Owned Permanent Rental Housing Program
POTH	Publicly Owned Transitional Housing
Pres	Preservation
PUD	Planned Unit Development
QAP	Qualified Allocation Plan
RA	Rental Assistance
RD	Rural Development
REO	Real Estate Owned
RFP	Request for Proposals
RHAGs	Regional Housing Advisory Groups
SCDP	Small Cities Development Program
SEMIF	Southeast Minnesota Initiative Fund
SH	Supportive Housing
SMI	Statewide Median Income
SN	Special Needs Housing Program
SRO	Single Room Occupancy
SWMIF	Southwest Minnesota Initiative Fund
TDC	Total Development Cost
TIF	Tax Increment Financing
TL	Transitional Housing Program
TRACS	Tenant Rental Assistance Certification System
USDA	United States Department of Agriculture
WCMIF	West Central Minnesota Initiative Fund

Addendum C: Minnesota Housing National Housing Trust Fund Rental Property Standards for New Construction and Rehabilitation

The Minnesota Housing National Trust Fund Property Standards (herein known as the “NHTF Standards”) are designed to outline the requirements for rental properties receiving HUD National Housing Trust Fund (NHTF) assistance to fund new construction and/or rehabilitation activities. These activities are required to comply with Federal regulations at 24 C.F.R. 93.301, including part (a) *New construction projects* and part (b) *Rehabilitation projects*. The housing must comply with all applicable provisions of 24. C.F.R. part 93, HUD requirements and guidance, and Minnesota Housing policies, including Minnesota Housing’s Multifamily Rental Housing Design/Construction Standards.

Regardless if new construction and/or rehabilitation all building materials used during construction must be new and compliant with applicable building codes and approved plans and specifications. Construction materials must also be installed in accordance with manufacturer recommendations. Construction contracts and construction documents must describe the work to be undertaken in adequate detail so that inspections can be conducted in compliance with Minnesota Housing standards.

Minnesota Housing must review and approve written cost estimates for construction and determine that costs are reasonable. Minnesota Housing staff will conduct progress and final inspections to determine work was done in accordance with approved plans and specifications, applicable codes, and the construction contract. For rehabilitation, Minnesota Housing will also conduct an initial property inspection to identify the deficiencies that must be addressed.

Where two standards govern the same condition, conformance to the most restrictive standard is required. As standards and building codes change and are put into effect by the governing authorities having jurisdiction, the new standards and building codes will apply in lieu of those referenced.

In addition, the owner must maintain the housing as decent, safe and sanitary housing in good repair at the time construction is completed and throughout the affordability period as required by Federal regulations 24 C.F.R. 93.301 part (e).

NHTF Requirements: New Construction:

State and Local Codes (24 C.F.R. § 93.301(a)(1)): Housing that is newly constructed with NHTF funds must be designed to meet all applicable state and local codes, ordinances, and zoning requirements. NHTF-assisted new construction projects must meet state or local residential and building codes, as applicable or, in the absence of a state or local building code, the International Residential Code or International Building Code (as applicable to the type of housing) of the International Code Council. The housing must meet the applicable requirements upon project completion.

Accessibility (24 C.F.R. § 93.301(a)(2)(i)): The housing must meet the accessibility requirements of 24 CFR part 8, which implements section 504 of the Rehabilitation Act of 1973 and Titles II and III of the Americans with Disabilities Act implemented at 28 CFR parts 35 and 36, as applicable. In addition, housing must meet Minnesota Housing’s Accessibility Standards contained within Chapter 6 of Minnesota Housing’s Rental Housing Design/Construction Standards (RHD/CS).

Covered Multifamily Dwellings (24 C.F.R. § 93.301(a)(2)(i)): “Covered multifamily dwellings” must also meet the design and construction requirements at 24 C.F.R. § 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619). “Covered multifamily dwellings” are defined at 24 C.F.R. § 100.205, to mean “buildings consisting of 4 or more dwelling units if such buildings have one or more elevators; and ground floor dwelling units in other buildings consisting of 4 or more dwelling units.”

Energy Efficiency (24 C.F.R. § 93.301(a)(2)(ii)): The housing must meet the energy efficiency standards established pursuant to section 109 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12709) and 2015 Enterprise Green Communities Criteria as amended per applicable MN Overlay. Depending upon type and size of

development/project the owner must commission either a HERS Rater or licensed mechanical engineer to determine applicable Building Performance requirements/strategies and ensure conformance to most stringent requirements.

Disaster Mitigation: (24 CFR 93.301(a)(2)(iii)): Minnesota does not impose additional standards that require housing to be improved to mitigate potential disasters. If a local governing authority has adopted standards to mitigate potential disasters, which are applicable to the project at hand, or if Minnesota or HUD adopt disaster mitigation requirements, those standards must be adhered to.

Other New Construction Standards: Housing must also meet Minnesota Housing’s General Occupancy New Construction Standards as described within Chapter 2 of Minnesota Housing’s Rental Housing Design/Construction Standards (RHD/CS) – see **Appendix A**, beginning page 4 of this addendum.

NHTF Requirements: Rehabilitation Standards:

Health and Safety (24 CFR § 93.301)(b)(1)(i)): If the housing is occupied at the time of initial inspection, all Life-Threatening Deficiencies must be identified and addressed immediately. See **Appendix B**, beginning page 11 of this addendum for a list of Life-Threatening Deficiencies for the property site, building exterior, building systems, common areas, and unit components. All other deficiencies not addressed immediately must be addressed in the rehabilitation work scope.

Major Systems (24 C.F.R. § 93.301(b)(1)(ii)): All major systems must be assessed and include: structural support; roofing; cladding and weatherproofing (e.g., windows doors, siding gutters) plumbing, electrical, and heating, ventilation, and air conditioning. The owner must estimate (based on age and condition) the remaining useful life of these systems, upon project completion of each major system. If the remaining useful life of one or more major system (that is/are scheduled to remain) is less than 30 years, then the owner must establish a replacement reserve with monthly payments that are deemed adequate by Minnesota Housing to repair or replace the system(s) as needed. To assist the owner in assessing major systems the owner must commission an architect or rehabilitation specialist to carry out this assessment.

Capital Needs Assessment (24 C.F.R. §§ 93.301(b)(1)(ii), 93.301(b)(1)(ix)): For multifamily housing projects of 26 units or more, the housing provider must undertake a capital needs assessment (CNA) in a format approved by Minnesota Housing. The CNA must determine all work that will be performed in the rehabilitation of the housing and the long-term physical needs of the project. The CNA must include determining the useful life of major systems upon project completion (including structural support, roofing, cladding and weatherproofing (e.g. windows, doors, siding, gutters), plumbing, electrical, and heating, ventilation, and air conditioning). If the remaining useful life of one or more major system is less than 30 years, than the owner must establish a replacement reserve with monthly payments that are deemed adequate by Minnesota Housing to replace the system(s) as needed).

Lead-Based Paint (24 C.F.R. § 93.301(b)(1)(iii)). Unless exempt from HUD’s lead-based paint regulations, housing must meet the lead-based paint requirements at 24 C.F.R. part 35. To determine applicable requirements under subpart J - Rehabilitation, the level of Federal assistance and the hard costs of rehabilitation must be evaluated and the level of Federal rehabilitation assistance determined. The level of Federal rehabilitation assistance will dictate appropriate lead hazard evaluation and reduction requirements. All notices required by 24 C.F.R. part 35 must be provided in accordance with the regulations.

Accessibility (24 C.F.R. § 93.301(b)(1)(iv)). The housing must meet the accessibility requirements in 24 C.F.R. part 8, which implements section 504 of the Rehabilitation Act of 1973 and Titles II and II of the Americans with Disabilities Act implemented as 28 CFR parts 35 and 36, as applicable. Rehabilitation may include improvements that are not required

ADDENDUM C – National Housing Trust Fund Rental Property Standards

by regulation or state law that permit use by a person with disabilities. Owner must commission an Accessibility Analysis and Survey per Minnesota Housing's Accessibility Standards. Funded improvements must not reduce or have the effect of reducing accessibility of a building or portion of a building. In addition, housing must meet Minnesota Housing's Accessibility Standards contained within Chapter 6 of Minnesota Housing's Rental Housing Design/Construction Standards (RHD/CS).

Covered Multifamily Dwellings (24 C.F.R. § 93.301(b)(1)(iv)): For buildings built for first occupancy after March 13, 1991 with any "Covered multifamily dwellings" must also meet the design and construction requirements at 24 C.F.R. § 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619). "Covered multifamily dwellings" are defined at 24 C.F.R. § 100.205, to mean "buildings consisting of 4 or more dwelling units if such buildings have one or more elevators; and ground floor dwelling units in other buildings consisting of 4 or more dwelling units." The Accessibility Analysis and Survey commissioned by the owner as described within "Accessibility" must determine whether building falls under definition of "covered multifamily dwellings" per Fair Housing Act.

Disaster Mitigation (24 C.F.R. § 93.301(b)(1)(vi). Minnesota does not impose any additional standards to mitigate the impact of potential disasters. If a local governing authority has adopted standards to mitigate potential disasters, which are applicable to the project at hand, or if Minnesota or HUD adopt disaster mitigation requirements, those standards must be adhered to.

State and Local Codes, Ordinances, and Zoning Requirements (24 C.F.R. § 93.301(b)(1)(vii)). The housing must meet all applicable State and local codes, ordinances and requirements or, in the absence of a State or local building code, the International Existing Building Code of the International Code Council. Minnesota Housing encourages owner to contact local building inspector early in the work scope development process to ensure property and all work is in conformance with state and local codes, ordinances, and zoning requirements.

Other Rehabilitation Standards: Rehabilitation must meet all applicable NHTF Rehabilitation Construction Standards – see **Appendix C**, beginning page 30 of this addendum.

Construction Documents and Cost Estimates: To ensure that the work to be undertaken will meet NHTF and applicable Minnesota Housing Building Standards, the construction documents (work write-ups) must be prepared by a qualified entity (architect, engineer, or approved rehabilitation specialist) in sufficient detail and must be reviewed and approved by Minnesota Housing's staff architect. In addition, the Minnesota Housing staff architect will review cost estimate and construction bids for cost reasonableness.

Uniform Physical Conditions Standards (24 C.F.R. § 93.301(b)(1)(viii)): Upon completion, the NHTF-assisted project and units must be decent, safe, sanitary, and in good repair as described in 24 C.F.R. § 5.703. Appendix B, Uniform Physical Conditions Standards (UPCS) for Multifamily Housing Rehabilitation, provides the list of inspectable items and areas required by the UPCS, establish standards for each item, and describe the type and degree of deficiency that must be addressed. Appendix B begins on page 11 of this addendum.

Post-Construction Capital Expenditure Annual Analysis: A post-rehabilitation 20-year capital expenditure spreadsheet must be established upon construction close out by the owner. It must include capital projections through the end of the affordability period. Minnesota Housing's staff architect will review the capital expenditure projections based on the completed work to ensure appropriate useful life timeline and items are included.

Appendix A

Chapter 2 – General Occupancy New Construction Minimum Standards

2.01 Background

Once a decision is made to construct a new housing development to serve a particular housing need, selecting a smart site location is important. If Minnesota Housing financial assistance is requested to construct a new housing development, the decision to build on a particular site must include determining whether the site can be developed and if it complies with Minnesota Housing standards.

The following standards are supplemental to basic standards established by applicable building codes, local zoning, and other applicable regulations. These standards are supplemental to other applicable design standards promulgated by Minnesota Housing. Where two standards govern the same condition, conformance to the most restrictive standard is required. Regardless of whether the local jurisdiction has adopted or not adopted Minnesota State Building Code, all improvements receiving Minnesota Housing financing must be in compliance with currently adopted Minnesota State Building Code.

2.02 Purpose

To ensure rental housing financed by Minnesota Housing is decent quality, energy efficient, functional, sustainable, and effective in reducing long-term maintenance costs.

2.03 Requirements

The following new construction standards involving site design, building design, mechanical and electrical systems, and building components shall be adhered to if receiving Minnesota Housing funding for new construction.

Site design: Site improvements shall comply with the following standards associated with grading, drainage, parking, garages, sidewalks, play equipment/area, signage, and landscaping as follows:

Grading/Drainage: The site shall be well drained. Surface water must be directed away from structure. Snow removal/storage shall be addressed.

Parking: Unless stricter zoning requirements apply, parking shall comply with the following minimum requirements:

At least one parking space (off street/onsite) for each one-bedroom dwelling unit.

At least two parking spaces (off street/onsite) for each two-bedroom or larger dwelling unit. (Exception: If on street parking is available on adjacent streets up to 0.5 spaces per dwelling unit may be used toward satisfying this requirement).

Adaptive reuse type projects or single-room-occupancy (SRO) dwelling units may have less than one parking space for each dwelling unit. Exact number shall be reviewed by Minnesota Housing on a case-by-case basis.

Parking spaces shall be at least 8'-6" wide except at designated handicapped parking space(s) which shall be in compliance with applicable codes.

For housing in the Twin Cities Metro within one-quarter mile of a planned or existing Light Rail Transit (LRT) Station, Bus Rapid Transit (BRT) Station, or Commuter Rail Station, parking for residential units may be less than the amounts specified provided minimum requirements of local zoning are met. This also applies to high-density urban developments that require zero-lot-line coverage. Consult Minnesota Housing Staff Architects.

Parking spaces, drive lanes, vehicle access aisles, and pedestrian accessibility access aisles must be paved (concrete, bituminous, pavers, or other Minnesota Housing approved material). Provide a poured concrete curb and

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gutter at outer perimeter of drive lanes and parking. (Not required for semi-private driveway leading up to attached garage.)

Garages: If private garages are provided, they shall meet the following:

Each stall shall be a full partition from the floor to the roof with solid material.

Continuous foundations and frost footings are required at all attached garages and detached garages larger than two stalls.

Minimum size requirements:

Clear Width: 11'-0" (single stall), 20'-0" (double stall)

Net Area: 231 sq. ft. (single stall), 420 sq. ft. (double stall)

Overhead Door: 9'-0" wide (single stall), 16'-0" wide (double stall)

Garages required to be accessible shall comply with minimum quantity, dimensions and clearances as required by applicable accessibility codes.

Exterior sidewalks: Sidewalks shall be four feet wide (minimum) and made of concrete reinforced with continuous wire mesh.

Play area/play equipment: A play area for children along with appropriate play equipment shall be provided for children to play unless exempt.

Minimum size of the play area must be 24'-0" x 24'-0" and is good for up to one hundred children in the development. Add four square feet of additional play area per each additional child above one hundred children. The entire play area must be filled with natural or synthetic protective materials and equipped with reasonable play equipment for the size of the lot. The perimeter shall be designed to keep play area material from spilling, such as curb or sidewalk.

The size of the play area must be provided in proportion to the child population of the development. The child population for each unit shall be computed as follows: Efficiency and 1 Bedroom = 0; 2 Bedroom = 1.5; 3 Bedroom = 3; 4 Bedroom = 4.5; and each additional bedroom = 1.5.

The play area and equipment must be in compliance with equipment manufacturer requirements. The play area does not have to be square or confined to one location as long as minimum play area size is complied with.

Lumber treated with chromated copper arsenate shall not be used for play equipment.

Avoid locating any play area(s) where children are required to cross driveways.

Provide drain tile beneath all permeable play area surface materials with outlet to nearest storm sewer or drainage ditch.

Provide shade, seating, and trash receptacle near all play areas.

Play areas must be on an accessible route with accessible entrance onto the play area surface.

Play area equipment is not required if any of the following conditions apply: The development contains only one-bedroom or smaller units; the project is on a Zero lot line site; there is a public park within a ¼ of a mile of the development (measured from the closest property line in a straight-line to the park), unless separated by a busy street. Or, if Minnesota Housing agrees it is not economically viable.

Signage: Signage shall be provided as follows:

If a temporary construction sign is provided it shall be at least 4'x8' in size and erected onsite at time of construction start. It shall contain development name, [Minnesota Housing Logo](#), names of other funders (or their logos – please

confirm), Equal Housing Opportunity logo, Owner's name, General Contractor's name, Architect's name, and leasing information and phone number.

Every development shall have a permanent development sign that is visible from nearest street. It shall provide name of development, Equal Housing Opportunity Logo, and leasing information/phone number. Night-time lighting is recommended.

Building design: The building design shall be reasonably appropriate for the intended site, resident population, and anticipated market and shall be in compliance with the following minimum standards:

Laundry: Housing shall have access to laundry facilities and shall comply with the following requirements:

Common laundry is required unless laundry equipment is provided in each dwelling unit.

If common laundry, one washer and one dryer must be provided for every 12 dwelling units. Provide folding table and seating area. For senior housing, one bedroom units, or studio units, provide one washer and one dryer for every 16 units.

If laundry equipment is provided in each dwelling unit, stackable equipment is acceptable in non-accessible dwelling units.

Every clothes washer shall have a disaster pan with floor drain, or be located in a room with appropriate flooring whereby the floor slopes to floor drain.

Avoid locating clothes washers near areas with carpeting.

Elevator: Housing required to have an elevator shall meet the following requirements associated with an elevator:

The maximum length of travel from any dwelling unit to an elevator shall not exceed 250 lineal feet.

The number of required elevators in each building shall be dictated by the number of stories above grade as follows:

Three to five stories above grade: One elevator required

Six to nine stories above grade: Two elevators required

Nine or more stories above grade: Consult Minnesota Housing

Dwelling unit: Housing shall meet the following requirements associated with decent living space:

Living room: Least dimension shall be 11'-6" and appropriately sized for anticipated household size. The room must have a window (or glass patio door) to exterior for natural lighting.

Primary or Master bedroom

Least Dimension shall be 10'-0"

Least square footage shall be 115 sq. ft.

Provide a window for natural light.

Exception: One bedroom dwelling units may have a windowless bedroom if approved by the building code and approved by Minnesota Housing.

Closet (Five lineal ft. of net rod/shelf length)

Door and walls to ceiling for privacy. Exception: Efficiency Dwelling Unit/Single Room Occupancy (SRO)

Secondary bedroom(s)

Least dimension 9'-6"

Least square footage shall be 100 sq. ft.

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Provide a window for natural light

Closet (Four lineal ft. of net rod/shelf length)

Door and walls to ceiling for privacy

Kitchen

Kitchen counter work minimum area shall be 6'-0" for one-bedroom units, 7'-0" for two- and three-bedroom units and 8'-0" for larger units. This distance is measured in lineal footage along the front excluding sink, refrigerator and range.

Snack bar or eat-in kitchen designs shall be 4'-0" minimum length. This type of seating is required in three bedroom or larger units.

A range/oven is required in all dwelling units. All two-bedroom or larger units must have a 30" wide self-cleaning oven. Other small units can use a 24" minimum self-cleaning oven. Avoid locating the oven at the end of a counter. Provide a grease shield behind all ovens or ranges and on abutting partitions. The shields must be high-pressure plastic laminate, enameled or stainless steel.

Provide a "Frost-Free" refrigerator with 15" minimum wide counter on the latch side. Fridge shall be a minimum of 14 cu. ft. for one bedroom and smaller units. Larger units shall have a fridge appropriately sized.

Provide hard surface flooring in kitchen.

Dining

Dining room or area should have hard-surface flooring distinct from the living room. A dining area is required in two-bedroom and larger dwelling units. The area must have window to the exterior or be open to the living room.

The dining room/area must be appropriately sized for the intended household size and accommodate the following:

Two-bedroom dwelling units: Table with four chairs

Three-bedroom dwelling units: Table with six chairs

Four-bedroom or larger dwelling units: Table with seven chairs

Dining area exceptions:

An eat-in kitchen may be substituted for a dining area as long as the kitchen and dining area are appropriately sized for the intended household size plus two guests.

A 4'-0" long snack bar located on rear side of kitchen countertop may be used in lieu of designated dining room/area in one-bedroom or smaller dwelling units.

Bathroom

Defined as follows:

Full bathroom includes a lavatory sink, water closet and tub with showerhead.

Three-quarter bathroom includes a lavatory sink, water closet and shower

Half bathroom/powder room includes a lavatory sink and water closet

Compartmentalized full bathroom includes all items of a full bathroom, however the tub with shower head and water closet in a private room with a door. At least one vanity (lavatory) is in the separate alcove. Minnesota Housing encourages this design in three-bedroom and larger units.

Minimum Requirements:

Half bathroom is required at the ground floor of any two-story dwelling unit.

Three-quarter bathroom (minimum) shall be provided at all efficiency, Single Resident Occupancies (SRO), and one-bedroom dwelling units.

At least one full bathroom is required at two-bedroom dwelling units.

One full bathroom and one three-quarter bathroom is required at three-bedroom and larger dwelling units.

Exception for two-story townhomes: One half bath may be on the main level if there are no sleeping rooms on the main level and if there is a least one compartmentalized full bathroom on the upper level.

Minimum Accessories:

Medicine cabinet (at least one per dwelling unit)

Towel bar(s) (within reach of lavatory and tub/shower)

Toilet paper holder

Shower curtain rod (if applicable)

Mirror

Storage space/closets

Entry coat closet is required for one-bedroom or larger dwelling units. Provide close to the main entry.

Designated linen/towel storage space is required in a cabinet design or a closet.

General storage space for household cleaning supplies, vacuum, etc. is required.

Multi-Story Dwelling Unit Living Areas

Individual units with multi-stories shall have a kitchen/kitchenette, living area, dining (or eat-in kitchen) on the same, main level.

See Visitability Standards for additional multi-story unit requirements.

Mechanical and electrical systems: Housing shall have plumbing, mechanical, and electrical systems that comply with the following standards:

Independent technical analysis: Minnesota Housing reserves the right to require independent technical analysis of any or all building components to determine life expectancy and anticipated ongoing lifecycle costs, as well as a maximum of 10-year payback on energy-efficient investment premiums.

Plumbing systems: Plumbing systems shall meet the following requirements:

All kitchen sinks shall be double compartment (33"x 22" min.), 7" deep minimum with the exception of efficiency dwelling unit/Single room occupancy (SRO) may have single compartment sink.

Disaster pan with floor drain shall be provided under any water heater or clothes washer located above ground level. On ground level floors, slope to drain.

Water softening is required where the hardness exceeds 14 grains except where special circumstances exist.

Plumbing chases and plumbing walls shall not be located in/at new building exterior walls. If required at existing buildings, chases shall be designed to keep plumbing from freezing.

Heating, ventilating, and air-conditioning (HVAC) system: Air conditioning (AC) or the ability for tenant supplied through-wall AC units, shall be provided at all dwelling units. All intake and exhaust ductwork shall be insulated. AC sleeves shall be provided with a tight-fitting, insulated cover.

Electrical systems: shall meet the following requirements:

Ceiling or wall mounted light fixture in all bedrooms

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Task lighting above kitchen range and kitchen sink

Each dwelling unit shall be capable of receiving hi-speed Internet access

Exterior light fixtures and lamps shall be rated for -20 degree F weather

Separately metered commercial space: All applicable utilities serving commercial space such as water service, gas service, electrical service, etc. shall be metered separately from all housing space (dwelling units, common space, etc.)

Building components: Minnesota Housing encourages the advancement of sustainable building strategies. Refer to “Chapter 8 – Sustainable Housing” for requirements and guidance in meeting Mandatory and Optional Criteria. The following building components shall also meet the following minimum standards:

Millwork

All new kitchen cabinets and new wood bathroom cabinets shall have solid wood face-frames, doors, and drawer fronts.

Drawer-box construction shall have dovetail or other Minnesota Housing approved reinforced joint construction.

All millwork shall meet the Kitchen Cabinet Manufacturers Association (KCMA) ANSI/KCMA A161.1 standards. KCMA Certification is suggested but not required.

Exterior windows and doors

All new windows and doors must be ENERGY STAR-qualified. Confirm the most updated Energy Star requirements are met at the time of purchase. Confirm the applicable Minnesota region is designated for Energy Star requirements.

Special windows, such as those required for hi-rise buildings, which are unable to meet Energy Star qualifications are acceptable if they include double pane, low-e glass and thermally broken frames.

All windows and windows within doors shall be furnished with window coverings for privacy and control of heat/solar shading.

All operable windows and operable windows within doors shall have insect screens.

The sill of all windows must be solid wood, stone, man-made solid surface material, or other material approved by Minnesota Housing.

When possible, design the building garage overhead openings with two doors in lieu of one large door. This allows less energy to escape and provides an alternative opening in case of maintenance and repair.

Roofing

Low Slope Roofing

Shall have a minimum of ¼” inch per foot (finished) slope unless otherwise approved by Minnesota Housing Staff Architect and Building Official.

Approved Systems shall include 60 mil adhered EPDM & TPO, or four-ply asphalt/gravel built-up assembly.

Ballasted or mechanically fastened single ply membranes are not accepted.

A minimum 20-year manufacturer’s warranty required.

Sloped Roofing, a minimum 25-year manufacturer’s warranty is required.

Patio and entrance slabs shall comply with the following requirements:

Stoop/footing frost protection required at all entrance slabs with ¼” per foot maximum slope.

Where soils are frost susceptible, stoop/footing frost protection required at all patio slabs.

Protect front entrance slab from rain/snow accumulation with an overhang or canopy.

Closet doors: Conventional, residential grade, bi-fold doors and hardware package are not acceptable in new construction. Side-hinged, swinging type or other Minnesota Housing approved doors shall be provided.

Fire extinguishers: All townhomes and rental single family homes shall have at least one fire extinguisher in each dwelling unit.

Schematic design concept/cost estimate: The Borrower shall have an Architect develop a reasonable schematic design concept. The Borrower shall also have a third-party entity (Architect, Professional Engineer, General Contractor, or Qualified Cost Estimator) prepare a cost estimate which conforms to all applicable Minnesota Housing standards. Refer to Formal Application section of Minnesota Housing’s Architect’s Guide (available on Minnesota Housing’s [Building Standards](#) webpage).

Contract Documents: Refer to Minnesota Housing’s “[Architect's Guide](#)” for contract document requirements.

Contractor Procurement: Refer to Minnesota Housing’s “[Contractor's Guide](#)” for requirements associated with selecting a contractor and procuring contractor services.

Appendix B

Minnesota Housing Finance Agency

Housing Trust Fund (HTF)

Uniform Physical Conditions Standards (UPCS) for Multifamily Housing Rehabilitation

Note: LTI = Life-threatening Item which must be addressed immediately if the housing is occupied.

REQUIREMENTS FOR SITE			
<i>Inspectable Item</i>	<i>Observed Deficiency</i>	<i>Type and Degree of Deficiency</i>	<i>LTI</i>
Fencing and Gates	Damaged/Falling/Leaning	Fence or gate is missing or damaged to the point it does not function as it should	
	Holes	Hole in fence or gate is larger than 6 inches by 6 inches	
	Missing Sections	An exterior fence, security fence or gate is missing a section which could threaten safety or security	
Grounds	Erosion/Rutting Areas	A rut/ groove is 6-8 inches wide and 3-5 inches deep. And/ or runoff has extensively displaced soils which has caused visible damage or potential failure to adjoining structures or threatens the safety of pedestrians or makes the grounds unusable	
	Overgrown/Penetrating Vegetation	Vegetation is extensive and dense; is id difficult to see broken glass, holes and other hazards. And/ or Vegetation contacts or penetrates an unintended surface. And/ or Vegetation has visibly damaged a component, area or system of the property or has made them unusable or unpassable	
	Ponding/Site Drainage	There is an accumulation of more than 5 inches deep and/or a large section of the grounds-more than 20%-is unusable for its intended purpose due to poor drainage or ponding	
Health & Safety	Air Quality- Sewer Odor Detected	Sewer odors that could pose a health risk if inhaled for prolonged periods	
	Air Quality- Propane/Natural Gas/ Methane Gas Detected	Strong propane, natural gas or methane odors that could pose a risk of explosion/ fire and/or pose a health risk if inhaled	Yes
	Electrical Hazards- Exposed Wires/Open Panels	Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)	Yes
	Electrical Hazards- Water Leaks on/near Electrical Equipment	Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion	Yes
	Flammable Materials- Improperly Stored	Flammable materials are improperly stored, causing the potential risk of fire or explosion	
	Garbage and Debris- Outdoors	Too much garbage has gathered-more than the planned storage capacity, or garbage has gathered in an area not sanctioned for staging or storing garbage or debris	
	Hazards-	Any general defects or hazards that pose risk of	

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	Other	bodily injury	
	Hazards- Sharp Edges	Any physical defect that could cause cutting or breaking of human skin or other bodily harm	
	Hazards- Tripping	Any physical defect in walkways or other travelled area that poses a tripping risk	
	Infestation- Insects	Evidence of infestation of insects-including roaches and ants-throughout a unit or room, food preparation or storage area or other area of building substantial enough to present a health and safety risk	
	Infestation- Rats/Mice/Vermin	Evidence of rats or mice--sightings, rat or mouse holes, or droppings substantial enough to present a health and safety risk	
Mailboxes/Project Signs	Mailbox – Missing/Damaged	Mailbox cannot be locked or is missing	
	Signs Damaged	The project sign is not legible or readable because of deterioration or damage	
Parking Lots/Driveways/Roads	Cracks	Cracks that are large enough to affect traffic ability over more than 5% of the property's parking lots/driveways/roads or pose a safety hazard	
	Ponding	3 inches or more of water has accumulated making 5% or more of a parking lot/driveway unusable or unsafe	
	Potholes/Loose Material	Potholes or loose material that have made a parking lot/driveway unusable/unpassable for vehicles and/or pedestrians or could cause tripping or falling	
	Settlement/Heaving	Settlement/heaving has made a parking lot/driveway unusable/unpassable or creates unsafe conditions for pedestrians and vehicles	
Play Areas and Equipment	Damaged/Broken Equipment	More than 20% of the equipment is broken or does not operate as it should or any item that poses a safety risk	
	Deteriorated Play Area Surface	More than 20% of the play surface area shows deterioration or the play surface area could cause tripping or falling and thus poses a safety risk	
Refuse Disposal	Broken/Damaged Enclosure- Inadequate Outside Storage Space	A single wall or gate of the enclosure has collapsed or is leaning and in danger of falling or trash cannot be stored in the designated area because it is too small to store refuse until disposal	
Retaining Walls	Damaged/Falling/Leaning	A retaining wall is damaged and does not function as it should or is a safety risk	
Storm Drainage	Damaged/Obstructed	The system is partially or fully blocked by a large quantity of debris , causing backup into adjacent areas or runoffs into areas where runoff is not intended	
Walkways/Steps	Broken/Missing Hand Railing	The hand rail is missing, damaged, loose or otherwise unusable	

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	Cracks/Settlement/Heaving	Cracks, hinging/tilting or missing sections that affect traffic ability over more than 5% of the property's walkways/steps or any defect that creates a tripping or falling hazard	
	Spalling/Exposed Rebar	More than 5% of walkways have large areas of spalling--larger than 4 inches by 4 inches--they affects traffic ability	

REQUIREMENTS FOR BUILDING EXTERIOR			
<i>Inspectable Item</i>	<i>Observed Deficiency</i>	<i>Type and Degree of Deficiency</i>	<i>LTI</i>
Doors	Damaged-Frames/Threshold/Lintels/Trim	Any door that is not functioning or cannot be locked because of damage to the frame, threshold, lintel or trim	
	Damaged-Hardware/Locks	Any door that does not function as it should or cannot be locked because of damage to the door's hardware	
	Damaged-Surface (Holes/Paint/Rusting/Glass)	Any door that has a hole or holes greater than 1 inch in diameter, significant peeling/cracking/no paint or rust that affects the integrity of the door surface, or broken/missing glass	
	Damaged/Missing Screen/Storm/Security Door	Any screen door or storm door that is damaged or is missing screens or glass--shown by an empty frame or frames or any security door that is not functioning or is missing	
	Deteriorated/Missing Caulking/Seals	The seals/caulking is missing on any entry door, or they are so damaged that they do not function as they should	
	Missing Door	Any exterior door that is missing	
Fire Escapes	Blocked Egress/Ladders	Stored items or other barriers restrict or block people from exiting	Yes
	Visibly Missing Components	Any of the functional components that affect the function of the fire escape--one section of a ladder or railing, for example--are missing	
Foundations	Cracks/Gaps	Large cracks in foundation more than 3/8 inches wide by 3/8 inches deep by 6 inches long that present a possible sign of a serious structural problem, or opportunity for water penetration or sections of wall or floor that are broken apart	
	Spalling/Exposed Rebar	Significant spalled areas affecting more than 10% of any foundation wall or any exposed reinforcing material--rebar or other	
Health and Safety	Electrical Hazards-Exposed Wires/Open Panels	Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)	Yes
	Electrical Hazards-Water Leaks on/near Electrical Equipment	Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion	Yes
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or other conditions block exit	Yes
	Emergency Fire Exits-Missing Exit Signs	Exit signs that clearly identify all emergency exits are missing or there is no illumination in the area of the sign	

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	Flammable/Combustible Materials - Improperly Stored	Flammable materials are improperly stored, causing the potential risk of fire or explosion	
	Garbage and Debris - Outdoors	Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris	
	Hazards-Other	Any general defects or hazards that pose risk of bodily injury	
	Hazards-Sharp Edges	Any physical defect that could cause cutting or breaking of human skin or other bodily harm	
	Hazards-Tripping	Any physical defect in walkways or other travelled area that poses a tripping risk	
	Infestation-Insects	Evidence of infestation of insects-including roaches and ants-throughout a unit or room, food preparation or storage area or other area of building substantial enough to present a health and safety risk	
	Infestation-Rats/Mice/Vermin	Evidence of rats or mice--sightings, rat or mouse holes, or droppings substantial enough to present a health and safety risk	
Lighting	Broken Fixtures/Bulbs	10% or more of the lighting fixtures and bulbs surveyed are broken or missing	
Roofs	Damaged Soffits/Fascia	Soffits or fascia that should be there are missing or so damaged that water penetration is visibly possible	
	Damaged Vents	Vents are missing or so visibly damaged that further roof damage is possible	
	Damaged/Clogged Drains	The drain is damaged or partially clogged with debris or the drain no longer functions	
	Damaged/Torn Membrane/Missing Ballast	Ballast has shifted and no longer functions as it should or there is damage to the roof membrane that may result in water penetration	
	Missing/Damaged Components from Downspout/Gutter	Drainage system components are missing or damaged causing visible damage to the roof, structure, exterior wall surface, or interior	
	Missing/Damaged Shingles	Roofing shingles are missing or damaged enough to create a risk of water penetration	
	Ponding	Evidence of standing water on roof, causing potential or visible damage to roof surface or underlying materials	
Walls	Cracks/Gaps	Any large crack or gap that is more than 3/8 inches wide or deep and 6 inches long that presents a possible sign of serious structural problem or opportunity for water penetration	
	Damaged Chimneys	Part or all of the chimney has visibly separated from the adjacent wall or there are cracked or missing pieces large enough to present a sign of chimney failure or there is a risk of falling pieces that could	

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		create a safety hazard	
	Missing/Damaged Caulking/Mortar	Any exterior wall caulking or mortar deterioration that presents a risk of water penetration or risk of structural damage	
	Missing Pieces/Holes/Spalling	Any exterior wall deterioration or holes of any size that present a risk of water penetration or risk of structural damage	
	Stained/Peeling/Needs Paint	More than 20% of the exterior paint is peeling or paint is missing and siding surface is exposed thereby exposing siding to water penetration and deterioration	
Windows	Broken/Missing/Cracked Panes	Any missing panes of glass or cracked panes of glass where the crack is either greater than 4" and/or substantial enough to impact the structural integrity of the window pane	
	Damaged Sills/Frames/Lintels/Trim	Sills, frames, lintels, or trim are missing or damaged, exposing the inside of the surrounding walls and compromising its weather tightness	
	Damaged/Missing Screens	Missing screens or screens with holes greater than 1 inch by 1 inch or tears greater than 2 inches in length	
	Missing/Deteriorated Caulking/Seals/Glazing Compound	There are missing or deteriorated caulk or seals-- with evidence of leaks or damage to the window or surrounding structure	
	Peeling/Needs Paint	More than 20% of the exterior window paint is peeling or paint is missing and window frame surface is exposed thereby exposing window frame to water penetration and deterioration	
	Security Bars Prevent Egress	The ability to exit through egress window is limited by security bars that do not function properly and, therefore, pose safety risks	Yes

REQUIREMENTS FOR BUILDING SYSTEMS			
<i>Inspectable Item</i>	<i>Observed Deficiency</i>	<i>Type and Degree of Deficiency</i>	<i>LTI</i>
Domestic Water	Leaking Central Water Supply	Leaking water from water supply line is observed	
	Missing Pressure Relief Valve	There is no pressure relief valve or pressure relief valve does not drain down to the floor	
	Rust/Corrosion on Heater Chimney	The water heater chimney shows evidence of flaking, discoloration, pitting, or crevices that may create holes that could allow toxic gases to leak from the chimney	
	Water Supply Inoperable	There is no running water in any area of the building where there should be	
Electrical System	Blocked Access/Improper Storage	One or more fixed items or items of sufficient size and weight impede access to the building system's electrical panel during an emergency	
	Burnt Breakers	Carbon residue, melted breakers or arcing scars are evident	
	Evidence of Leaks/Corrosion	Any corrosion that affects the condition of the components that carry current or any stains or rust on the interior of electrical enclosures, or any evidence of water leaks in the enclosure or hardware	
	Frayed Wiring	Any nicks, abrasion, or fraying of the insulation that exposes any conducting wire	
	Missing Breakers/Fuses	Any open and/or exposed breaker port	Yes
	Missing Outlet Covers	A cover is missing, which results in exposed visible electrical connections	Yes
Elevators	Not Operable	The elevator does not function at all or the elevator doors open when the cab is not there	
Emergency Power	Auxiliary Lighting Inoperable (if applicable)	Auxiliary lighting does not function	
Fire Protection	Missing Sprinkler Head	Any sprinkler head is missing, visibly disabled, painted over, blocked, or capped	
	Missing/Damaged/Expired Extinguishers	There is missing, damaged or expired fire extinguisher an any area of the building where a fire extinguisher is required	Yes
Health & Safety	Air Quality- Mold and/or Mildew Observed	Evidence of mold or mildew is observed that is substantial enough to pose a health risk	
	Air Quality- Propane/Natural Gas/ Methane Gas Detected	Strong propane, natural gas or methane odors that could pose a risk of explosion/ fire and/or pose a health risk if inhaled	Yes
	Air Quality- Sewer Odor Detected	Sewer odors that could pose a health risk if inhaled for prolonged periods	
	Electrical Hazards- Exposed Wires/Open Panels	Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)	Yes

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	Electrical Hazards- Water Leaks on/near Electrical Equipment	Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion	Yes
	Elevator- Tripping	An elevator is misaligned with the floor by more than 3/4 of an inch. The elevator does not level as it should, which causes a tripping hazard	
	Emergency Fire Exits- Emergency/Fire Exits Blocked/Unusable	The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or other conditions block exit	Yes
	Emergency Fire Exits- Missing Exit Signs	Exit signs that clearly identify all emergency exits are missing or there is no illumination in the area of the sign	
	Flammable Materials- Improperly Stored	Flammable materials are improperly stored, causing the potential risk of fire or explosion	
	Garbage and Debris- Indoors	Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris	
	Hazards- Other	Any general defects or hazards that pose risk of bodily injury	
	Hazards- Sharp Edges	Any physical defect that could cause cutting or breaking of human skin or other bodily harm	
	Hazards- Tripping Hazards	Any physical defect in walkways or other travelled area that poses a tripping risk	
	Infestation- Insects	Evidence of infestation of insects-including roaches and ants-throughout a unit or room, food preparation or storage area or other area of building substantial enough to present a health and safety risk	
	Infestation- Rats/Mice/Vermin	Evidence of rats or mice--sightings, rat or mouse holes, or droppings substantial enough to present a health and safety risk	
HVAC	Boiler/Pump Leaks	Evidence of water or steam leaking in piping or pump packing	
	Fuel Supply Leaks	Evidence of any amount of fuel leaking from the supply tank or piping	
	General Rust/Corrosion	Significant formations of metal oxides, significant flaking, discoloration, or the development of a noticeable pit or crevice	
	Misaligned Chimney/Ventilation System	A misalignment of an exhaust system on a combustion fuel-fired unit (oil, natural gas, propane, wood pellets etc.) that causes improper or dangerous venting of gases	Yes
Roof Exhaust System	Roof Exhaust Fan(s) Inoperable	The roof exhaust fan unit does not function	
Sanitary System	Broken/Leaking/Clogged Pipes or Drains	Evidence of active leaks in or around the system components or evidence of standing water, puddles or ponding--a sign of leaks or clogged drains	

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	Missing Drain/Cleanout/Manhole Covers	A protective cover is missing	
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REQUIREMENTS FOR COMMON AREAS			
<i>Inspectable Item</i>	<i>Observed Deficiency</i>	<i>Type and Degree of Deficiency</i>	<i>LTI</i>
Basement/Garage/ Carport	Baluster/Side Railings- Damaged	Any damaged or missing balusters or side rails that limit the safe use of an area	
Closet/Utility/ Mechanical	Cabinets- Missing/Damaged	10% or more of cabinet, doors, or shelves are missing or the laminate is separating	
Community Room	Call for Aid- Inoperable	The system does not function as it should	
Halls/Corridors/Stairs	Ceiling- Holes/Missing Tiles/Panels/Cracks	Any holes in ceiling, missing tiles or large cracks wider than 1/4 of an inch and greater than 11 inches long	
Kitchen	Ceiling- Peeling/Needs Paint	More than 10% of ceiling has peeling paint or is missing paint	
Laundry Room	Ceiling – Water Stains/ Water Damage/Mold/Mildew	Evidence of a leak, mold or mildew--such as a darkened area--over a ceiling area greater than 1 foot square	
Lobby	Countertops- Missing/Damaged	10% or more of the countertop working surface is missing, deteriorated, or damaged below the laminate; not a sanitary surface to prepare food	
Office	Dishwasher/Garbage Disposal- Inoperable	The dishwasher or garbage disposal does not operate as it should	
Other Community Spaces	Doors- Damaged Frames/Threshold/Lintels/Trim	Any door that is not functioning or cannot be locked because of damage to the frame, threshold, lintel or trim	
Patio/Porch/Balcony	Doors – Damaged Hardware/Locks	Any door that does not function as it should or cannot be locked because of damage to the door's hardware	
Restrooms	Doors- Damaged Surface (Holes/Paint/Rust/Glass)	Any door that has a hole or holes greater than 1 inch in diameter, significant peeling/cracking/no paint or rust that affects the integrity of the door surface, or broken/missing glass	
Storage	Doors- Damaged/Missing Screen/Storm/Security Door	Any screen door or storm door that is damaged or is missing screens or glass--shown by an empty frame or frames or any security door that is not functioning or is missing	
	Doors – Deteriorated/Missing Seals (Entry Only)	The seals/caulking is missing on any entry door, or they are so damaged that they do not function as they should	
	Doors - Missing Door	Any door that is missing that is required for the functional use of the space	
	Dryer Vent- Missing/Damaged/Inoperable	The dryer vent is missing or it is not functioning because it is blocked. Dryer exhaust is not effectively vented to the outside	
	Electrical- Blocked Access to Electrical Panel	One or more fixed items or items of sufficient size and weight impede access to the building system's electrical panel during an emergency	

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Electrical – Burnt Breakers	Carbon residue, melted breakers or arcing scars are evident	
Electrical- Evidence of Leaks/Corrosion	Any corrosion that affects the condition of the components that carry current or any stains or rust on the interior of electrical enclosures or any evidence of water leaks in the enclosure or hardware	
Electrical- Frayed Wiring	Any nicks, abrasion, or fraying of the insulation that exposes any conducting wire	
Electrical- Missing Breakers	Any open and/or exposed breaker port	
Electrical- Missing Covers	A cover is missing, which results in exposed visible electrical connections	Yes
Floors- Bulging/Buckling	Any flooring that is bulging, buckling or sagging or a problem with alignment between flooring types	
Floors- Floor Covering Damaged	More than 10% of floor covering has stains, surface burns, shallow cuts, small holes, tears, loose areas or exposed seams.	
Floors- Missing Floor/Tiles	More than 5% of the flooring or tile flooring is missing	
Floors- Peeling/Needs Paint	Any painted flooring that has peeling or missing paint on more than 10% of the surface	
Floors- Rot/Deteriorated Subfloor	Any rotted or deteriorated subflooring greater than 6 inches by 6 inches	
Floors- Water Stains/Water Damage/ Mold/Mildew	Evidence of a leak, mold or mildew--such as a darkened area--covering a flooring area greater than 1 foot square	
GFI- Inoperable	The GFI does not function	
Graffiti	Any graffiti on any exposed surface greater than 6 inches by 6 inches	
HVAC- Convection/ Radiant Heat System Covers Missing/Damaged	Cover is missing or substantially damaged, allowing contact with heating/surface elements or associated fans	
HVAC- General Rust/Corrosion	Significant formations of metal oxides, flaking, or discoloration--or a pit or crevice	
HVAC- Inoperable	HVAC does not function. It does not provide the heating and cooling it should. The system does not respond when the controls are engaged	
HVAC- Misaligned Chimney/ Ventilation System	Any misalignment that may cause improper or dangerous venting of gases	Yes
HVAC- Noisy/Vibrating/Leaking	HVAC system shows signs of abnormal vibrations, other noise, or leaks when engaged	
Lavatory Sink- Damaged/Missing	Sink has extensive discoloration or cracks in over 50% of the basin or the sink or associated hardware have failed or are missing and the sink can't be used	
Lighting -	More than 10% of the permanent lighting fixtures	

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Missing/Damaged/Inoperable Fixture	are missing or damaged so they do not function	
Mailbox-Missing/Damaged	The U.S Postal Service mailbox cannot be locked or is missing	
Outlets/Switches/Cover Plates-Missing/Broken	Outlet or switch is missing or a cover plate is missing or broken, resulting in exposed wiring	Yes
Pedestrian/Wheelchair Ramp	A walkway or ramp is damaged and cannot be used by people on foot, in wheelchair, or using walkers	
Plumbing-Clogged Drains	Drain is substantially or completely clogged or has suffered extensive deterioration	
Plumbing-Leaking Faucet/Pipes	A steady leak that is adversely affecting the surrounding area	
Range Hood /Exhaust Fans-Excessive Grease/Inoperable	A substantial accumulation of dirt or grease that threatens the free passage of air	
Range/Stove-Missing/Damaged/Inoperable	One or more burners are not functioning or doors or drawers are impeded or on gas ranges pilot is out and/or flames are not distributed equally or oven not functioning	
Refrigerator-Damaged/Inoperable	The refrigerator has an extensive accumulation of ice or the seals around the doors are deteriorated or is damaged in any way which substantially impacts its performance	
Restroom Cabinet-Damaged/Missing	Damaged or missing shelves, vanity top, drawers, or doors that are not functioning as they should for storage or their intended purpose	
Shower/Tub-Damaged/Missing	Any cracks in tub or shower through which water can pass or extensive discoloration over more than 20% of tub or shower surface or tub or shower is missing	
Sink-Missing/Damaged	Any cracks in sink through which water can pass or extensive discoloration over more than 10% of the sink surface or sink is missing	
Smoke Detector-Missing/Inoperable	Smoke detector is missing or does not function as it should	Yes
Stairs-Broken/Damaged/Missing Steps	A step is missing or broken	
Stairs Broken/Missing Hand Railing	The hand rail is missing, damaged, loose or otherwise unusable	
Ventilation/Exhaust System-Inoperable	Exhaust fan is not functioning or window designed for ventilation does not open	
Walls-Bulging/Buckling	Bulging, buckling or sagging walls or a lack of horizontal alignment	
Walls-Damaged	Any hole in wall greater than 2 inches by 2 inches	
Walls-Damaged/Deteriorated Trim	10% or more of the wall trim is damaged	
Walls-Peeling/Needs Paint	10% or more of interior wall paint is peeling or missing	

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	Walls- Water Stains/ Water Damage/Mold/Mildew	Evidence of a leak, mold or mildew--such as a common area--covering a wall area greater than 1 foot square	
	Water Closet/Toilet- Damaged/Clogged/Missing	Fixture elements--seat, flush handle, cover etc.--are missing or damaged or the toilet seat is cracked or has a broken hinge or toilet cannot be flushed	
	Windows- Cracked/Broken/Missing Panes	Any missing panes of glass or cracked panes of glass where the crack is either greater than 4" and/or substantial enough to impact the structural integrity of the window pane	
	Windows- Damaged Window Sill	The sill is damaged enough to expose the inside of the surrounding walls and compromise its weather tightness	
	Windows- Inoperable/Not Lockable	Any window that is not functioning or cannot be secured because lock is broken	
	Windows- Missing/Deteriorated Caulking/ Seals/Glazing Compound	There are missing or deteriorated caulk or seals--with evidence of leaks or damage to the window or surrounding structure	
	Windows- Peeling/Needs Paint	More than 10% of interior window paint is peeling or missing	
	Windows- Security Bars Prevent Egress	The ability to exit through the window is limited by security bars that do not function properly and, therefore, pose safety risks	Yes
Health & Safety	Air Quality- Mold and/or Mildew Observed	Evidence of mold or mildew is observed that is substantial enough to pose a health risk	
	Air Quality- Propane/Natural Gas/ Methane Gas Detected	Strong propane, natural gas or methane odors that could pose a risk of explosion/ fire and/or pose a health risk if inhaled	Yes
	Air Quality- Sewer Odor Detected	Sewer odors that could pose a health risk if inhaled for prolonged periods	
	Electrical Hazards- Exposed Wires/Open Panels	Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)	Yes
	Electrical Hazards- Water Leaks on/near Electrical Equipment	Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion	Yes
	Emergency Fire Exits- Blocked/Unusable	The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or other conditions block exit	Yes
	Emergency Fire Exits- Missing Exit Signs	Exit signs that clearly identify all emergency exits are missing or there is no illumination in the area of the sign	
	Flammable/Combustible Materials - Improperly Stored	Flammable or combustible materials are improperly stored, causing the potential risk of fire or explosion	
	Garbage and Debris- Indoors	Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris	

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	Garbage and Debris- Outdoors	Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris	
	Hazards- Other	Any general defects or hazards that pose risk of bodily injury	
	Hazards- Sharp Edges	Any physical defect that could cause cutting or breaking of human skin or other bodily harm	
	Hazards- Tripping	Any physical defect in walkways or other travelled area that poses a tripping risk	
	Infestation- Insects	Evidence of infestation of insects-including roaches and ants-throughout a unit or room, food preparation or storage area or other area of building substantial enough to present a health and safety risk	
	Infestation- Rats/Mice/Vermin	Evidence of rats or mice-sightings, rat or mouse holes, or droppings substantial enough to present a health and safety risk	
Pools and Related Structures	Fencing- Damaged/Not Intact	Any damage that could compromise the integrity of the fence	
Trash Collection Areas	Chutes- Damaged/Missing Components	Garbage has backed up into chutes, because the collection structure is missing or broken or compactors or components - chute, chute door, and other components - have failed	

REQUIREMENTS FOR UNIT			
<i>Inspectable Item</i>	<i>Observed Deficiency</i>	<i>Type and Degree of Deficiency</i>	<i>LTI</i>
Bathroom	Bathroom Cabinets - Damaged/Missing	Damaged or missing shelves, vanity tops, drawers, or doors that are not functioning as they should for storage or their intended purpose	
	Lavatory Sink- Damaged/Missing	Any cracks in sink through which water can pass or extensive discoloration over more than 10% of the sink surface or sink is missing	
	Plumbing- Clogged Drains, Faucets	Drain or faucet is substantially or completely clogged or has suffered extensive deterioration	
	Plumbing- Leaking Faucet/Pipes	A steady leak that is adversely affecting the surrounding area	
	Shower/Tub- Damaged/Missing	Any cracks in tub or shower through which water can pass or extensive discoloration over more than 20% of tub or shower surface or tub or shower is missing	
	Ventilation/ExhaustSystem- Absent/Inoperable	Exhaust fan is not functioning or window designed for ventilation does not open	
	Water Closet/Toilet- Damaged/Clogged/Missing	Fixture elements--seat, flush handle, cover etc.--are missing or damaged or the toilet seat is cracked or has a broken hinge or toilet cannot be flushed	
Call-for-Aid (if applicable)	Inoperable	The system does not function as it should	
Ceiling	Bulging/Buckling/Leaking	Bulging, buckling or sagging ceiling or problem with alignment	
	Holes/Missing Tiles/Panels/Cracks	Any holes in ceiling, missing tiles or large cracks wider than 1/4 of an inch and greater than 6 inches long	
	Peeling/Needs Paint	More than 10% of ceiling has peeling paint or is missing paint	
	Water Stains/Water Damage/ Mold/Mildew	Evidence of a leak, mold or mildew--such as a darkened area--over a ceiling area greater than 1 foot square	
Doors	Damaged- Frames/Threshold/Lintels/Trim	Any door that is not functioning or cannot be locked because of damage to the frame, threshold, lintel or trim	
	Damaged- Hardware/Locks	Any door that does not function as it should or cannot be locked because of damage to the door's hardware	
	Damaged/Missing- Screen/Storm/Security Door	Any screen door or storm door that is damaged or is missing screens or glass--shown by an empty frame or frames or any security door that is not functioning or is missing	
	Damaged Surface- Holes/Paint/Rusting/Glass/ Rotting	Any door that has a hole or holes greater than 1 inch in diameter, significant peeling/cracking/no paint or rust that affects the integrity of the door	

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		surface, or broken/missing glass	
	Deteriorated/Missing Seals (Entry Only)	The seals/caulking is missing on any entry door, or they are so damaged that they do not function as they should	
	Missing Door	Any door that is required for security (entry) or privacy (Bathroom) that is missing or any other unit door that is missing and is required for proper unit functionality	
Electrical System	Blocked Access to Electrical Panel	One or more fixed items or items of sufficient size and weight impede access to the building system's electrical panel during an emergency	
	Burnt Breakers	Carbon residue, melted breakers or arcing scars are evident	
	Evidence of Leaks/Corrosion	Any corrosion that affects the condition of the components that carry current or any stains or rust on the interior of electrical enclosures or any evidence of water leaks in the enclosure or hardware	
	Frayed Wiring	Any nicks, abrasion, or fraying of the insulation that exposes any conducting wire	
	GFI - Inoperable	The GFI does not function	
	Missing Breakers/Fuses	Any open and/or exposed breaker port	Yes
	Missing Covers	A cover is missing, which results in exposed visible electrical connections	Yes
Floors	Bulging/Buckling	Any flooring that is bulging, buckling or sagging or a problem with alignment between flooring types	
	Floor Covering Damage	More than 10% of floor covering has stains, surface burns, shallow cuts, small holes, tears, loose areas or exposed seams.	
	Missing Flooring Tiles	Any flooring or tile flooring that is missing	
	Peeling/Needs Paint	Any painted flooring that has peeling or missing paint on more than 10% of the surface	
	Rot/Deteriorated Subfloor	Any rotted or deteriorated subflooring greater than 6 inches by 6 inches	
	Water Stains/Water Damage/Mold/Mildew	Evidence of a leak, mold or mildew--such as a darkened area--covering a flooring area greater than 1 foot square	
Health & Safety	Air Quality- Mold and/or Mildew Observed	Evidence of mold or mildew is observed that is substantial enough to pose a health risk	
	Air Quality- Sewer Odor Detected	Sewer odors that could pose a health risk if inhaled for prolonged periods	
	Air Quality- Propane/Natural Gas/Methane Gas Detected	Strong propane, natural gas or methane odors that could pose a risk of explosion/ fire and/or pose a health risk if inhaled	Yes
	Electrical Hazards- Exposed Wires/Open Panels	Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)	Yes

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	Electrical Hazards- Water Leaks on/near Electrical Equipment	Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion	Yes
	Emergency Fire Exits- Blocked/Unusable	The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or other conditions block exit	Yes
	Emergency Fire Exits- Missing Exit Signs	Exit signs that clearly identify all emergency exits are missing or there is no illumination in the area of the sign	
	Flammable Materials- Improperly Stored	Flammable materials are improperly stored, causing the potential risk of fire or explosion	
	Garbage and Debris- Indoors	Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris	
	Garbage and Debris- Outdoors	Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris	
	Hazards- Other	Any general defects or hazards that pose risk of bodily injury	
	Hazards- Sharp Edges	Any physical defect that could cause cutting or breaking of human skin or other bodily harm	
	Hazards- Tripping	Any physical defect in walkways or other travelled area that poses a tripping risk	
	Infestation- Insects	Evidence of infestation of insects-including roaches and ants-throughout a unit or room, food preparation or storage area or other area of building substantial enough to present a health and safety risk	
	Infestation- Rats/Mice/Vermin	Evidence of rats or mice-sightings, rat or mouse holes, or droppings substantial enough to present a health and safety risk	
Hot Water Heater	Misaligned Chimney/Ventilation System	Any misalignment that may cause improper or dangerous venting of gases	Yes
	Inoperable Unit/Components	Hot water from hot water taps is no warmer than room temperature indicating hot water heater is not functioning properly	
	Leaking Valves/Tanks/Pipes	There is evidence of active water leaks from hot water heater or related components	
	Pressure Relief Valve Missing	There is no pressure relief valve or pressure relief valve does not drain down to the floor	
	Rust/Corrosion	Significant formations of metal oxides, flaking, or discoloration - or a pit or crevice	
HVAC System	Convection/Radiant Heat System Covers Missing/Damaged	Cover is missing or substantially damaged, allowing contact with heating/surface elements or associated fans	

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	Inoperable	HVAC does not function. It does not provide the heating and cooling it should. The system does not respond when the controls are engaged	
	Misaligned Chimney/Ventilation System	Any misalignment that may cause improper or dangerous venting of gases	Yes
	Noisy/Vibrating/Leaking	The HVAC system shows signs of abnormal vibrations, other noise, or leaks when engaged	
	Rust/Corrosion	Deterioration from rust or corrosion on the HVAC system in the dwelling unit	
Kitchen	Cabinets-Missing/Damaged	10% or more of cabinet, doors, or shelves are missing or the laminate is separating	
	Countertops-Missing/Damaged	10% or more of the countertop working surface is missing, deteriorated, or damaged below the laminate -- not a sanitary surface to prepare food	
	Dishwasher/Garbage Disposal-Inoperable	The dishwasher or garbage disposal does not operate as it should	
	Plumbing-Clogged Drains	Drain is substantially or completely clogged or has suffered extensive deterioration	
	Plumbing-Leaking Faucet/Pipes	A steady leak that is adversely affecting the surrounding area	
	Range Hood/Exhaust Fans-Excessive Grease/Inoperable	A substantial accumulation of dirt or grease that threatens the free passage of air	
	Range/Stove-Missing/Damaged/Inoperable	One or more burners are not functioning or doors or drawers are impeded or on gas ranges pilot is out and/or flames are not distributed equally or oven not functioning	
	Refrigerator-Missing/Damaged/Inoperable	The refrigerator has an extensive accumulation of ice or the seals around the doors are deteriorated or is damaged in any way which substantially impacts its performance	
	Sink-Damaged/Missing	Any cracks in sink through which water can pass or extensive discoloration over more than 10% of the sink surface or sink is missing	
Laundry Area (Room)	Dryer Vent-Missing/Damaged/Inoperable	The dryer vent is missing or it is not functioning because it is blocked. Dryer exhaust is not effectively vented to the outside	
Lighting	Missing/Inoperable Fixture	A permanent light fixture is missing or not functioning, and no other switched light source is functioning in the room	
Outlets/Switches	Missing	An outlet or switch is missing	Yes
	Missing/Broken Cover Plates	An outlet or switch has a broken cover plate over a junction box or the cover plate is missing	Yes
Patio/Porch/Balcony	Baluster/Side Railings Damaged	Any damaged or missing balusters or side rails that limit the safe use of an area	
Smoke Detector	Missing/Inoperable	Smoke detector is missing or does not function as it should	Yes
Stairs	Broken/Damaged/Missing Steps	A step is missing or broken	

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	Broken/Missing Hand Railing	The hand rail is missing, damaged, loose or otherwise unusable	
Walls	Bulging/Buckling	Bulging, buckling or sagging walls or a lack of horizontal alignment	
	Damaged	Any hole in wall greater than 2 inches by 2 inches	
	Damaged/Deteriorated Trim	10% or more of the wall trim is damaged	
	Peeling/Needs Paint	10% or more of interior wall paint is peeling or missing	
	Water Stains/Water Damage/Mold/Mildew	Evidence of a leak, mold or mildew covering a wall area greater than 1 foot square	
Windows	Cracked/Broken/Missing Panes	Any missing panes of glass or cracked panes of glass where the crack is either greater than 4" and/or substantial enough to impact the structural integrity of the window pane	
	Damaged Window Sill	The sill is damaged enough to expose the inside of the surrounding walls and compromise its weather tightness	
	Missing/Deteriorated Caulking/Seals/Glazing Compound	There are missing or deteriorated caulk or seals--with evidence of leaks or damage to the window or surrounding structure	
	Inoperable/Not Lockable	Any window that is not functioning or cannot be secured because lock is broken	
	Peeling/Needs Paint	More than 10% of interior window paint is peeling or missing	
	Security Bars Prevent Egress	The ability to exit through the window is limited by security bars that do not function	Yes

Appendix C**NHTF Rehabilitation Construction Standards****1. General:**

The following standards are supplemental to basic standards established by applicable building codes, local zoning, and other applicable regulations. Where two standards govern the same condition, conformance to the most restrictive standard is required. Regardless, if the local jurisdiction has adopted or not adopted Minnesota State Building Code, housing shall be in compliance with Minnesota State Building Code.

2. Requirements:

A. Site design: Site improvements shall comply with the following standards associated with grading, drainage, parking, garages, sidewalks, play equipment/area, signage, and landscaping as follows:

- 1. Grading/Drainage:** The site shall be well drained. Surface water must be directed away from structure. Snow removal/storage shall be addressed. There shall be no standing water in non-designated holding pond areas 12 hours after a rain event. Surface drainage must be directed away from the structure, to a designated ponding area, or to municipal storm sewer system. Include roof drainage provisions when assessing site drainage conditions.
- 2. Play area/play equipment:** A play area for children along with appropriate play equipment shall be provided for children to play unless exempt.
 - (a) Minimum size of the play area must be 24'-0" x 24'-0" and is good for up to one hundred children in the development. Add four square feet of additional play area per each additional child above one hundred children. The entire play area must be filled with natural or synthetic protective materials and equipped with reasonable play equipment for the size of the lot. The perimeter shall be designed to keep play area material from spilling, such as curb or sidewalk.
 - (b) The size of the play area must be provided in proportion to the child population of the development. The child population for each unit shall be computed as follows: Efficiency and 1 Bedroom = 0; 2 Bedroom = 1.5; 3 Bedroom = 3; 4 Bedroom = 4.5; and each additional bedroom = 1.5.
 - (c) The play area and equipment must be in compliance with equipment manufacturer requirements. The play area does not have to be square or confined to one location as long as minimum play area size is complied with.
 - (d) Lumber treated with chromated copper arsenate shall not be used for play equipment.
 - (e) Avoid locating any play area(s) where children are required to cross driveways.
 - (f) Provide drain tile beneath all permeable play area surface materials with outlet to nearest storm sewer or drainage ditch.
 - (g) Provide shade, seating, and trash receptacle near all play areas.
 - (h) Play areas must be on an accessible route with accessible entrance onto the play area surface.
 - (i) Play area equipment is not required if any of the following conditions apply: The development contains only one-bedroom or smaller units; the project is on a Zero lot line site; there is a public park within a ¼ of a mile of the development (measured from the closest property line in a straight-line to the park), unless separated by a busy street. Or, if Minnesota Housing agrees it is not economically viable.

3. Signage: Signage shall be provided as follows:

- (a) If a temporary construction sign is provided it shall be at least 4'x8' in size and erected onsite at time of construction start. It shall contain development name, [Minnesota Housing Logo](#), names of other funders (or their logos – please confirm), Equal Housing Opportunity logo, Owner's name, General Contractor's name, Architect's name, and leasing information and phone number.
- (b) Every development shall have a permanent development sign that is visible from nearest street. It shall provide name of development, Equal Housing Opportunity Logo, and leasing information/phone number. Night-time lighting is recommended.

B. Structural integrity: Structures shall be structurally sound and free of any pending or imminent structural collapse or failure. (i.e.: decks, basement columns, foundations, floors, walls, roof framing, headers, lintels, etc.)

C. Building envelope: The building envelope shall be weather and water tight. All openings susceptible to water and air penetration shall be sealed. Ensure envelope is adequately insulated or supplement the insulation to the envelope. Typically the attic is the cheapest and easiest to supplement, and will provide the greatest cost-to-benefit payback. Ensure that all attics are adequately ventilated to prevent ice-damming, and all attic bypasses are sealed and insulated.

D. Major systems: Housing shall have plumbing, mechanical, and electrical systems that comply with the following standards. Minnesota Housing reserves the right to require independent technical analysis of any or all building components to determine life expectancy and anticipated ongoing lifecycle costs, as well as a maximum of 10-year payback on energy-efficient investment premiums.

1. Plumbing and sanitation systems: All plumbing systems shall be code compliant, adequately sized, and operable with an anticipated minimum seven-year life expectancy. Obsolete, water wasting fixtures shall be replaced and no leaks allowed. Minnesota Housing may require sanitary sewer lines to be video-scoped to detect if any unforeseen repair and maintenance is necessary.

2. Mechanical systems: All heating, air conditioning, and ventilation systems shall be code compliant, adequately sized, and operable with an anticipated minimum seven-year life expectancy. Bathrooms shall have an operating exhaust vent ducted to the exterior. Clothes dryers shall be connected to code compliant rigid type vent exhausting to the exterior. To the greatest extent feasible ensure that all dwelling units are air conditioned or equipped with A/C sleeve(s). AC sleeves shall be provided with a tight-fitting, insulated cover.

3. Electrical systems: All electrical systems shall be code compliant with circuit breakers, adequately sized for the structure and intended use. All electrical life safety fixtures shall be in place and functional including the following:

- (a) Smoke detectors. Battery –powered smoke detectors meeting requirements of Underwriter Laboratories, Inc. and approved by the International Conference of Building Officials, shall be furnished and installed in all areas as if required for new construction. Also, at least one hard-wired smoke detector with battery back-up shall be provided in each dwelling and be audible from all sleeping rooms.
- (b) Ground-fault circuit-interrupter (GFCI) protection. The same level of GFCI receptacle protection shall be provided in rehab projects as required for new construction regardless whether mandated by code/regulations.
- (c) Arc-fault circuit-interrupter (AFCI) protection. AFCI protection shall be provided for receptacle outlets in locations as required per applicable codes/regulations.

(d) Carbon Monoxide (CO) alarms. Provide as required per applicable state statute.

4. Elevator: If there is an existing elevator and hoistway in a building, it shall be made to be in compliance with 2007 Minnesota Elevator Code as applicable to existing buildings.

5. Functional kitchen: Kitchen shall be appropriately sized and equipped with appropriate cabinets, sink, and operational range/oven/hood/refrigerator appropriately sized for intended household.

E. Building components: Minnesota Housing encourages the advancement of sustainable building strategies. Refer to “Chapter 8 – Sustainable Housing” for requirements and guidance in meeting Mandatory and Optional Criteria. The following building components shall also meet the following minimum standards:

1. Millwork

- (a) All new kitchen cabinets and new wood bathroom cabinets shall have solid wood face-frames, doors, and drawer fronts.
- (b) Drawer-box construction shall have dovetail or other Minnesota Housing approved reinforced joint construction.
- (c) All millwork shall meet the Kitchen Cabinet Manufacturers Association (KCMA) ANSI/KCMA A161.1 standards. KCMA Certification is suggested but not required.

2. Exterior windows and doors

- (a) All new windows and doors must be ENERGY STAR-qualified. Confirm the most updated Energy Star requirements are met at the time of purchase. Confirm the applicable Minnesota region is designated for Energy Star requirements.
- (b) Special windows, such as those required for hi-rise buildings, which are unable to meet Energy Star qualifications are acceptable if they include double pane, low-e glass and thermally broken frames.
- (c) All windows and windows within doors shall be furnished with window coverings for privacy and control of heat/solar shading.
- (d) All operable windows and operable windows within doors shall have insect screens.
- (e) The sill of all windows must be solid wood, stone, man-made solid surface material, or other material approved by Minnesota Housing.
- (f) When possible, design the building garage overhead openings with two doors in lieu of one large door. This allows less energy to escape and provides an alternative opening in case of maintenance and repair.

3. Roofing

- (a) Low Slope Roofing
 - i. Shall have a minimum of ¼” inch per foot (finished) slope unless otherwise approved by Minnesota Housing Staff Architect and Building Official.
 - ii. Approved Systems shall include 60 mil adhered EPDM & TPO, or four-ply asphalt/gravel built-up assembly.
 - iii. Ballasted or mechanically fastened single ply membranes are not accepted.
 - iv. A minimum 20-year manufacturer’s warranty required.
- (b) Sloped Roofing, a minimum 25-year manufacturer’s warranty is required.

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4. **Patio and entrance slabs** shall comply with the following requirements:
 - (a) Stoop/footing frost protection required at all entrance slabs with $\frac{1}{4}$ " per foot maximum slope.
 - (b) Where soils are frost susceptible, stoop/footing frost protection required at all patio slabs.
 - (c) Protect front entrance slab from rain/snow accumulation with an overhang or canopy.
5. **Closet doors:** Conventional, residential grade, bi-fold doors and hardware package are not acceptable in new construction. Side-hinged, swinging type or other Minnesota Housing approved doors shall be provided.
6. **Fire extinguishers:** All townhomes and rental single family homes shall have at least one fire extinguisher in each dwelling unit.